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These hearings, representing the testimony before the Subcommittee on Alcoholism and Drug Abuse in August, 1978, sought to require government contractors to establish and operate alcohol abuse and alcoholism programs and services, or to arrange for referral to such services. Statements are included from witnesses representing such agencies as the National Institute on Alcohol Abuse and Alcoholism; Health Education Foundation and Association of Labor-Management Administrators and Consultants on Alcoholism, Inc. (Author/BMW)

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OCCUPATIONAL ALCOHOLISM PROGRAMS UNDER FEDERAL CONTRACTS, 1978

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JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON ALCOHOLISM AND DRUG ABUSE

OF THE

COMMITTEE ON HUMAN RESOURCES

AND THE

SUBCOMMITTEE ON FEDERAL SPENDING PRACTICES AND OPEN GOVERNMENT

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

NINETY-FIFTH CONGRESS

SECOND SESSION

ON

S. 2515

TO REQUIRE GOVERNMENT CONTRACTORS TO ESTABLISH AND OPERATE ALCOHOL ABUSE AND ALCOHOLISM PROGRAMS AND SERVICES, OR OTHERWISE ARRANGE FOR REFERRAL TO SUCH SERVICES, AND FOR OTHER PURPOSES

AUGUST 17, 1978

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OCCUPATIONAL ALCOHOLISM PROGRAMS UNDER FEDERAL CONTRACTS, 1978

THURSDAY, AUGUST 17, 1978

U.S. SENATE, SUBCOMMITTEE ON ALCOHOLISM AND DRUG ABUSE OF THE COMMITTEE ON HUMAN RESOURCES, AND THE SUBCOMMITTEE ON FEDERAL SPENDING PRACTICES AND OPEN GOVERNMENT OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS

Washington, D.C.

The subcommittees met, pursuant to notice, at 10:05 a.m., Senator William D. Hathaway (Chairman of the Subcommittee on Alcoholism and Drug Abuse) presiding.

Present: Senators Hathaway and Chiles.

Senator HATHAWAY. The hearing will come to order.

At the outset, I would like to express my appreciation to Senator Lawton Chiles for agreeing to convene this joint hearing of the Subcommittee on Federal Spending Practices and Open Government, which he chairs, and the Subcommittee on Alcoholism and Drug Abuse.

The hearing will consider S. 2515, a bill I introduced along with Senator Williams on February 7 of this year.

This legislation grew out of 3 days of hearings on occupational alcoholism programs held last spring for the Alcoholism and Drug Abuse Subcommittee and responds to a number of concerns raised at those hearings.

S. 2515 would require Government contractors, as a condition of doing business with the Government, to provide directly or indirectly for occupational alcoholism programs and services to their employees, or to arrange for referral of alcoholic employees to otherwise available programs and services, as determined to be cost effective for the contractor involved.

The remainder of my statement I will put in the record in order to save time.

The statement covers various other existing programs that are going on presently in this country.

We had originally contemplated that the cost of these programs would be such that some Federal help, monetarywise, would be necessary. As a matter of fact, I introduced the bill that was passed in the Senate a couple of years ago to establish a trust fund for this prupose.

But the hearings showed the subcommittee that the cost could be borne by the private sector, and that it is an extremely cost effective program.

The ones in existence indicate at least a 2-to-1 benefit-cost ratio, and many of them go up as high as 6-, 7-, 8-, or 9-to-1 benefit-cost ratio.

[The opening statement of Senator Hathaway follows:]

Opening Statement of Senator Hathaway

Senator Hathaway. At the outset, I would like to express my appreciation to Senator Chiles for agreeing to convene this joint hearing of the Subcommittee on Federal Spending Practices and Open Government, which he chairs, and the Subcommittee on Alcoholism and Drug Abuse. The hearing will consider S. 2515, a bill I introduced along with Senator Williams, on February 7 of this year.

This legislation grew out of 3 days of hearings on occupational alcoholism programs held last spring before the Alcoholism and Drug Abuse Subcommittee, and responds to a number of concerns raised at those hearings. S. 2515 would require Government contractors, as a condition of doing business with the Government, to provide directly or indirectly for occupational alcoholism programs and services to their employees, or to arrange for referral of alcoholic employees to otherwise available programs and services, as determined to be cost-effective for the contractor involved.

This legislation is intended to fulfill a number of goals. First, it is intended to bring occupational alcoholism programs and services, which have a proven record of success and effectiveness, to a greatly increased number of individuals, in a form which will prove most beneficial to them and at the same time will prove to be cost-effective to their employers. As a result, the gigantic and destructive impact which the illness of alcoholism has upon the health and well-being of our citizens, the stability of our society, and the productivity of our economy would be counteracted in an aggressive and direct fashion.

An additional benefit flowing from the adoption of cost-effective programs by Government contractors would be improved efficiency and productivity on the part of these firms. This in turn would ultimately benefit all taxpayers. Further, by requiring these contractors to provide a rational approach to the fact of alcoholism among their employees, they will create a climate in which other firms and businesses would voluntarily undertake similar programs.

Also, this legislation should go a long way toward clearing up confusion and controversy surrounding section 503 of the Rehabilitation Act of 1973. That section requires all Federal contractors to take "affirmative action to employ and advance in employment qualified handicapped individuals." This bill would provide a positive tool to assist contractors in meeting the mandate of that law, and would, if properly implemented, greatly limit employers' fears about the impact of that section.

Alcohol abuse and alcoholism impose significant and increasing costs upon our economy and society. Recent estimates sanctioned by the National Institute on Alcohol Abuse and Alcoholism (NIAAA) indicate that alcoholism results in a direct economic loss of about $20.0 billion in productivity annually. Total costs in terms of health care, automobile accidents and so on exceed $42.0 billion.

This figure becomes easier to understand when one examines various studies of the impact of alcoholism on the workplace. The National Council on Alcoholism estimates that between 6 and 10 percent of the workforce is in the early, middle, or latter stages of alcoholism. This represents between 6 and 10 million individuals. The NIAAA has indicated that approximately 70 percent of the Nation's 10 million alcoholics are fulfilling work functions. Further, according to NCA,

each alcoholic employee unless treated can be expected on the average to cost his employer approximately 25 percent of his annual salary in terms of production losses stemming from absenteeism, accidents, unnecessary scrap and so on.

Other studies have indicated that the alcoholic employee, compared with his fellow workers, is absent 2.5 times more often, has twice the incidence of respiratory and cardiovascular diseases, and three times the incidence of digestive disorders.

Against this background, firms which have instituted occupational alcoholism programs have seen dramatic results. These programs promote early intervention and recovery before the more destructive and less reversible aspects of this progressive disease take hold. Data from a wide variety of programs indicate successful treatment and recovery in 60 percent to 86 percent of the individual cases, versus only 25 percent among unemployed alcoholics. In many cases treatment requirements are relatively inexpensive. One major corporation found that among 350 cases of alcoholism only 24 required inpatient treatment. Firms have documented benefit-to-cost ratios for such programs ranging from 2 to 1 up to 5 to 1.

While business and industry receive this kind of benefit, it is equally clear that society as a whole benefits. Along with the incremental increase in efficiency to our economy, societal costs of unemployment compensation, disability payments, medicare, medicaid, and so on are lessened to the extent that these individuals are successfully treated and returned to full productivity. Of course, other intangible, human costs associated with alcoholism would at the same time be limited. These include the human tragedy associated with auto fatalities, child abuse, and suicide.

Despite this potential, and these demonstrated results, only a small minority of our Nation's employees have such programs made available to them. At hearings held last spring, it was estimated that only about 1,200 programs were then in existence. Other recent estimates go no higher than 2,400 firms.

At those hearings, which dealt with S. 1107, a bill to provide 50 percent Federal funding for occupational programs, it was pointed out time and again by witnesses that money was not really a problem in instituting these programs. All of them had shown that they paid for themselves many times over. Further, even startup costs were relatively low. The State of South Carolina Commission on Alcohol and Drug Abuse provides a basic occupational package for $2 per employee, and has under contract 94 private businesses which range in size down to 15 employees.

Rather, the apparent problem in implementation of these programs on a more widespread basis was the stigma of alcoholism and the refusal of many in top management to seriously consider such programs, or to accept that alcoholism might be a problem among its employees.

While I would prefer that all firms voluntary institute these programs, this inertia and its impact on the economy of our nation and the health of our citizens calls for more direct action.

Because these programs are cost-effective, and because they have a positive impact on lessening other governmental expenditures, it seems appropriate that as a matter of sound business practice the Federal Government ought to require such programs of those with

whom it does business—namely Federal contractors. These firms, which total over 250,000, receive annually over $60 billion in Federal procurement contracts.

The Federal Government has a legitimate and direct interest that these firms operate as efficiently as possible in order to insure that these procurement costs do not include the costs of lost production which are otherwise avoidable.

The standards contained in this legislation are very flexible and purposefully so. The record of success and accomplishment among the programs which have already been instituted is sufficiently strong to convince me that once employers are required to make a commitment to some type of program or referral mechanism and once they experience the initial positive results they will follow through aggressively for the well being of their employees and their businesses.

But at the same time, I am reasonably certain that mandating these programs for Federal contractors will have a significant synergistic effect on their colleagues in business and industry, and result in an accelerated development of these programs.

At the conclusion of my remarks I would like to insert a copy of the bill along with a summary of its provisions in the hearing record.

[The text of S. 2515 follows:]

95TH CONGRESS
2D SESSION

S. 2515

IN THE SENATE OF THE UNITED STATES

FEBRUARY 7 (legislative day, FEBRUARY 6), 1978

Mr. HATHAWAY (for himself and Mr. WILLIAMS) introduced the following bill; which was read twice and referred to the Committees on Human Resources and Governmental Affairs jointly by unanimous consent

A BILL

To require Government contractors to establish and operate alcohol abuse and alcoholism programs and services, or otherwise arrange for referral to such services, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Rehabilitation Act of 1973 is amended by adding after section 504 the following new section:

"OCCUPATIONAL ALCOHOLISM PROGRAMS UNDER FEDERAL CONTRACTS

"SEC. 505. (a) (1) Any contract in excess of $2,500 entered into by any Federal department or agency for the procurement of personal property and nonpersonal services

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(including construction) for the United States shall contain a provision requiring that, in employing persons to carry out such contract the party contracting with the United States shall—

"(A) establish and operate by itself or together with one or more other employers, labor organizations, public agencies or private organizations, or with consortia thereof appropriate prevention, identification, treatment, counseling, and rehabilitation programs and services for alcohol abuse and alcoholism among its employees, or

"(B) arrange by way of contract, cooperative agreement, or other arrangement for the referral of employees affected by the illness of alcoholism to appropriate available programs and services conducted by public agencies or private organizations.

"(2) The provisions of this section shall apply to any subcontract in excess of $2,500 entered into by a prime contractor in carrying out any contract for the procurement of personal property and nonpersonal services (including construction) for the United States.

"(3) In the case of a contracting party with employees represented by a labor organization, no program affecting such employees shall be established or required under the provisions of this section unless the method of conduct, identi-

fication, and the scope of services of such program have been determined by agreement entered into by the labor organization and the employer through collective bargaining procedures.

"(b) If any employed person of such contracting party believes that the party has failed or refuses to comply with the provisions of his contract with the United States, relating to alcohol abuse and alcoholism programs, services, and referral mechanisms, such person may file a complaint with the Department of Labor. The Department shall promptly investigate such complaint and shall take such action thereon as circumstances warrant, consistent with the terms of such contract and the laws and regulations applicable thereto. A contracting party shall be deemed to be in compliance with the requirements of this section if he institutes and maintains one of the model programs developed pursuant to section 201(b) of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, except that such model programs shall not be the exclusive methods of achieving compliance.

"(c) The requirements of this section may be waived, in whole or in part, by the President with respect to a particular contract or subcontract, in accordance with guidelines set forth in regulations which he shall prescribe, when he determines that special circumstances in the national interest

so require and states in writing his reasons for such determination.".

SEC. 2. (a) Section 201 (b) of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 (hereinafter referred to as the "Act") is amended to read as follows:

"(b) (1) The Secretary, acting through the Institute, shall be responsible for fostering and encouraging similar alcohol abuse and alcoholism prevention, treatment and rehabilitation programs and services in State and local government and in private business and industry.

"(2) Consistent with such responsibility, the Secretary, acting through the Institute, shall develop a wide variety of model programs suitable for replication on a cost-effective basis in different types of business concerns and State and local governmental entities, taking into account the number of employees, geographical location, proximity to other concerns and entities, and availability of existing services from public agencies and private organizations. With respect to small business concerns, the Secretary (acting through the Institute) shall consult with the Small Business Administrator in the development of model programs affecting such concerns.

"(3) With respect to business concerns and governmental entities which employ individuals representated by

MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS-1963-A

labor organizations, any model program affecting such individuals shall require that the method of conduct, identification, and scope of services to be provided shall be determined by agreement entered into by the labor organization and the employer through collective bargaining procedures prior to the establishment of such program.

"(4) The Secretary, acting through the Institute, shall disseminate information and materials relative to such model programs to single state agencies designated pursuant to section 303 of this Act, and shall provide technical assistance to such agencies as requested."

(b) Section 303 (a) of the Act is amended by—

(1) redesignating paragraph (16) as paragraph (17); and

(2) by inserting immediately after paragraph (15) the following:

"(16) Provide assurance that the State agency—

"(A) will foster and encourage the development of alcohol abuse and alcoholism prevention, treatment and rehabilitation programs and services in State and local governments and in private businesses and industry;

"(B) will make available to all business concerns and governmental entities within such State information and materials concerning such model

programs suitable for replication on a cost-effective basis as developed pursuant to section 201 (b); and

"(C) will furnish technical assistance as requested to such business concerns and governmental entities.".

Senator HATHAWAY. Without further ado, I would like to ask Senator Chiles if he wants to make an opening statement, and then we can proceed with the four or five witnesses we have this morning.

Senator CHILES. Mr. Chairman, I have an opening statement. It is lengthy, and I would like to put it in the record in full.

I would like to say at the outset that I want to congratulate you on the work that you have done in this area and your attempt to come up with this legislative solution to the problem.

Obviously, alcoholism is imposing a tremendous burden on our economy. It is estimated that it is directly cutting productivity by about $20 billion a year. When we consider that kind of total drain on our economy, in addition to the drain in terms of health and medical care, the family anguish, certainly it is one of the most severe problems that we face. I think that your attempt to try to come to grips with it and the work that you have been doing with your subcommittee is certainly commendable.

I do have some questions about the impact this legislation will have on the cost of the Government procurement and whether it would discourage some small contractors from doing business with the Government.

I think that those are issues that our hearing should attempt to develop. We should determine whether they are going to be problems or not, and if so, how could we cure them.

But I do want to commend you for your efforts to develop solutions in this area. I look forward to these hearings.

[The opening statement of Senator Chiles follows:]

OPENING STATEMENT OF SENATOR CHILES

Senator CHILES. This morning we're here to talk about one of our most serious national health problems. Alcoholism is not just a problem for the individual alcoholic and his or her family, but is a direct concern to society as a whole. It imposes a severe burden on our economy by directly cutting productivity by about $20 billion per year. When you consider the total drain on our economy in terms of health and medical care, automobile accidents, and accidental fires, the monetary costs soar to over $40 billion a year. There are many other societal costs associated with alcoholism. Such as family problems, and child abuse, which may be harder to measure, but just as real and destructive.

There's no doubt that alcoholism is hazardous to our collective health. It's taken us a very long time to face up to our country's alcohol problem, to take it out of the closet, to remove the social stigma and to seriously view it as a medical disease. We now possess the tools and the insight to prevent and treat alcohol abuse.

The initial step is reaching the alcoholic. Since about 70 percent of the alcoholics in the United States are employees, a logical place to start is where they work. Some large corporations have broken the ground in developing occupational alcoholism programs to identify and to assist alcoholic employees.

More than half of job performance problems are alcohol related. It's estimated that an alcoholic employee costs his employer about one-quarter of his annual salary due to absenteeism, on the job accidents and mistakes, and disability payments. These occupational al-

coholism programs have achieved very positive results. They have been costeffective and necessary to efficient business operation. With early treatment, there's a 50 to 80 percent recovery rate.

S. 2515 provides a tool for combating alcoholism by requiring Government contractors and subcontractors holding contracts in excess of $2,500 to establish and operate alcoholism programs or to arrange for referral of alcoholic employees to appropriate available programs. It requires the National Institute on Alcohol Abuse and Alcoholism to develop and promote model treatment programs. This bill aims at making occupational alcoholism services available to a greater number of individuals. Moreover, the Federal Government is greatly interested in the efficient operation of the businesses which perform Government contracts. We all want to insure that tax dollars are not being spent on the low productivity of alcoholic workers. Most of all, the Government has a deep interest in promoting the health and well-being of our citizens and the stability of society. The failure to prevent and treat alcoholism poses a serious threat to us all.

I do have questions about the impact this legislation would have on the cost of Government procurement and whether it would discourage some contractors from doing business with the Federal Government. However, human resources are this Nation's most precious nonrenewable resources. We cannot sit by and allow them to be wasted. It is our duty to seek out workable, effective ways to improve the quality of life. S. 2515 represents one such attempt.

I want to commend Senator Hathaway for his long, hard efforts to develop solutions to this very troublesome problem. I look forward to hearing out witnesses' views on the merits of S. 2515.

Senator HATHAWAY. Thank you very much, Senator Chiles.

Our first panel of witnesses is C. Grant Spaeth and Loran Archer.

Mr. Spaeth is the Deputy Assistant Secretary for Health Legislation of HEW; and Loran Archer is the Acting Director of the National Institute on Alcohol Abuse and Alcoholism.

Mr. Spaeth is not here, but Mr. Archer can ably substitute for him, as well as giving his own testimony.

Mr. Archer, welcome.

Mr. ARCHER. Thank you.

Senator HATHAWAY. And we look forward to hearing your testimony.

STATEMENT OF LORAN ARCHER, ACTING DIRECTOR, NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, ACCOMPANIED BY C. GRANT SPAETH, DEPUTY ASSISTANT SECRETARY FOR HEALTH LEGISLATION

Mr. ARCHER. Senator Chiles, Senator Hathaway, I am very pleased to be here and have this opportunity to testify regarding programs to combat alcoholism in the work place and particularly to present our views on S. 2515.

Grant Spaeth, Deputy Assistant Secretary for Health Legislation, will join us shortly. He has been unavoidably detained. And we apologize for that.

It is fitting that this bill be reviewed by both subcommittees in attendance today because the problem before us has both health-related and economic dimensions.

As you are aware, alcoholism is an illness—a treatable illness, suffered by millions of American workers. In 1975, alcohol abuse and alcoholism cost the United States in excess of $40 billion. Nearly half this amount—$19.6 billion—is attributable to lost production, by employees with alcohol-related problems.

In our view, the most direct way to reduce both personal suffering and economic losses due to alcoholism among workers is to address it in the workplace: To identify impaired job performance—60 to 80 percent of which is generally due to alcoholism—to provide a motive for improved performance, and to arrange or provide appropriate treatment. This is the basic purpose of occupational alcoholism programs.

Such programs offer an opportunity for early identification of alcohol problems, high probability of treatment success, and substantial savings to employers and the Nation.

The number of firms offering assistance to employees with alcohol problems has grown steadily over the last few years. It is now believed to be in excess of 2,000. The Association of Labor-Management Administrators and Consultants on Alcoholism, an organization of persons working in the field of occupational programs, reports a membership of 1,400—a useful indirect indicator of the extent of efforts to provide early identification and treatment to employed persons.

Of a sample of organizations reported in the literature in the last 10 years, most estimate rehabilitation and job improvement rates ranging from 50 to 60 percent. Reported rehabilitation rates from 70 to 80 percent are not uncommon. And many companies report impressive savings from lower absenteeism, sick pay, accident rates, and replacement and retaining costs. Some firms estimate they save as much as $4 for every $1 they spend on the program.

REVIEW OF NIAAA ACTIVITIES IN OCCUPATIONAL ALCOHOLISM

The National Institute on Alcohol Abuse and Alcoholism has been promoting the growth of occupational alcoholism programs since 1972. Through September 1977, the Institute obligated $29.6 million for the development and operation of occupational programs.

In the current fiscal year, approximately $5 million will be awarded to more than 30 grantees for efforts ranging from an occupational alcoholism program functioning within the framework of a health maintenance organization to an agency of State government providing a broad range of occupational alcoholism services statewide. We will be happy to provide a more detailed description of these programs for the record, if you wish.

Our earliest effort in the occupational area—under the leadership of Morris Chafetz, who will be testifying later before you—was a program offering to each State agency on alcoholism a 3-year grant providing funds with which to employ two persons to work with management and labor in developing occupational alcoholism programs in private industry and State and local governments. This investment stimulated a major expansion of State program efforts in the occupa-

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tional area. Today, 6 years after the grants were awarded, there are 120 occupational program consultants—at least one in every State of the country.

This effort has led to the development of improved techniques for occupational alcoholism programs. One of these techniques, developed by the National Council on Alcoholism, was the use of "impaired job performance"—rather than more traditional manifestations of alcoholism—as the criterion for supervisory identification of an employee needing help.

We are continuing to seek techniques for even earlier identification and better mechanisms for referral prior to job impairment. One example, in cooperation with organized labor, is the use of trained shop stewards who have the opportunity to observe a worker's lifestyle as well as job performance.

There are, of course, groups of "workers" for whom the usual approach to occupational alcoholism programs is not relevant. These include self-employed persons, farmers, high-level managers, lawyers, physicians, salesmen, and others who receive little if any supervision in their work, or for whom measures of job performance may be difficult to develop or apply. Efforts to develop model programs for some such groups are now underway.

Senator HATHAWAY. 120 consultants? Were they public or private, Federal or State?

Mr. ARCHER. These are publicly funded.

Senator HATHAWAY. The Federal Government does not provide any consultants, though, does it?

Mr. ARCHER. Not directly, We provide technical assistance and training of consultants in order to encourage the development—through local government, through the States and voluntary sector—of a network of consultants across the Nation.

Senator HATHAWAY. All right.

Mr. ARCHER. We are also working to promote the development of occupational alcoholism programs which serve a cluster of small firms. Creation of such consortia of employers or employers and labor organizations is a promising development in the delivery of occupational alcoholism services to employees in small businesses or sparsely populated areas.

Several occupational alcoholism programs currently funded by NIAAA also derive support from small, locally-owned businesses and are, in fact, consortia programs.

In addition, the Institute has provided funding to one consortium of Federal agencies, has offered technical assistance in the development of several others, is sponsoring a program operated by a consortium of local unions—the AFL–CIO Appalachian Council—and has supported training programs relevant to the development of consortia. We intend to continue such activities in the future.

Early next year, the Institute plans to fund a workshop of industry executives and researchers interested in occupational alcohol problems. The purpose of this workshop is to assess current knowledge about employee alcoholism—including the role of occupation in the development of alcohol problems and the effectiveness of occupational alcohol programs—to identify areas in which research may be productive, and to attract researchers and industry executives into the occuptional alcoholism area.

FEDERAL EMPLOYEE PROGRAMS

Within the Federal Government, the Civil Service Commission is responsible for developing and maintaining occupational alcoholism programs for Federal civilian employees—in cooperation with the Secretary of Health, Education, and Welfare and the heads of other Federal departments. Within HEW, NIAAA has been designated lead agency for developing, implementing and administering the alcoholism detection, referral, and treatment program for employees of the Public Health Service, PHS.

In March, 1975, the Assistant Secretary for Health directed all agencies of the PHS to establish alcoholism programs for their employees. Since then, all PHS agencies have designated program administrators at the headquarters level, as well as coordinators at all field installations of 50 or more employees.

All agencies except two have appointed motivational and referral counselors at headquarters and in their field installations. Progress is being made in achieving full program implementation.

During the period from April, 1977, through March, 1978, a reported 246 PHS employees, or almost 1 percent of the employees currently covered by the PHS occupational program, used the services of the program for alcohol-related problems.

We have assigned three staff members to work with the Office of the Surgeon General and the six agencies of the Public Health Service in developing and implementing this program.

With the assistance of a private contractor, the NIAAA staff has trained program administrators, coordinators, and counselors in all PHS agencies. Manuals and handbooks covering all aspects of program activities are now being developed. The staff, along with a network of consultants around the country, is capable of providing continuous, technical assistance to the health agencies as they proceed in establishing this program.

We are, of course, keenly aware of HEW's responsibility to serve as a model to other employers, both public and private, in the development and operation of effective occupational alcoholism programs.

Secretary Califano has establsihed a task force to look at ways we can increase the quality of alcoholism programs throughout the Nation. One of his priorities in looking at this area is ways we can expand the development of occupational programs. And the task force established by the Secretary will be addressing, among other issues, HEW's own occupational alcoholism program.

The Interagency Committee on Federal Activities for Alcohol Abuse and Alcoholism, chaired by the Director of the National Institute on Alcohol Abuse and Alcoholism, has established a work group on Federal employee alcohol programs. This work group has been very active, reviewing existing Federal employee alcoholism programs and exploring ways of improving and strengthening them.

I would like now to comment on the bill under consideration today.

S. 2515 would require Federal contractors to establish and operate occupational alcoholism programs—or arrange for referral of alcoholic employees to otherwise available programs and services—as a condition of doing business with the Government.

In addition, it would require the National Institute on Alcohol Abuse and Alcoholism to develop model programs suitable for repli-

cation on a cost-effective basis in different types of work settings, to disseminate information and materials on these models to State agencies on alcoholism, and to provide technical assistance to State agencies as requested.

State agencies on alcoholism would be required to provide assurances to the Secretary that they will foster the development of programs in State and local governments and in private business and industry, make available to business and government within the State the information and materials on model programs developed by NIAAA, and furnish technical assistance to business concerns and Government entities as requested.

As I have indicated earlier, we believe occupational alcoholism programs are highly effective, quite useful, and can save employers and the Nation large sums of money.

As an aside, when I was State director of alcohol programs in California, we recognized the importance of such occupational programs and set that as a major goal for the State of California. So I personally, as well as representing the Institute, have been strongly in favor of such programs.

We are pleased to have this hearing focus attention on the problems and costs associated with alcoholism in the workplace. And we will continue to devote our efforts and resources to this area and to encourage public and private employers and labor unions to realize their interest in establishing occupational programs.

While we want to elicit a strong commitment from business and industry to reducing the problem of employee alcoholism, we believe this commitment should not be imposed through cumbersome or costly mandatory requirements but encouraged by vigorous development and dissemination of model programs, provision of technical assistance to both industry and organized labor, documentation of cost-effectiveness, and other similar efforts. And we plan to make those efforts and to place a heavy emphasis on the development of occupational programs.

So I find it very difficult to oppose a bill whose programmatic concepts I support, especially in view of the particularly good things that the Senators have done in this area in the past. Our opposition is not on the basis of program, but on the basis of the additional requirements that a mandatory program would impose.

In addition, we believe the Department's current statutory authorities permit the model development, information dissemination, and technical assistance activities envisioned by S. 2515. Indeed, as noted earlier, the Institute and many State alcohol agencies are already actively engaged in such efforts.

This concludes my formal statement, Mr. Chairman. We will be pleased to try to answer any questions which you or the other members of the subcommittees may have.

Senator HATHAWAY. Mr. Archer, thank you very much for your testimony, and I regret to hear you say that you do not support this program.

I am not exactly sure why you do not. You indicate that the requirements would be onerous and costly, and yet you admit that the programs under existence today are cost effective.

Mr. ARCHER. Well, Senator, the cost burden, as we see it, is not on the question of the type of program. The cost burden is the enforcement of the mandatory requirements.

The programs as we see them are very cost effective and we think can be established. The additional cost would not be for the programs themselves, but the additional costs—and the cumbersomeness, as we see it—would result from the necessary monitoring—the kinds of forms, to some extent, the redtape that might be necessary to enforce these requirements.

Our feeling is that we do wish to increase technical assistance and we plan to do so to establish programs, but that our energy would be better spent on the development of programs than on the endorcement of mandatory requirements.

Senator HATHAWAY. Well, actually the bill does not have any enforcement provisions in it except that the recipient of a Government contract would have to sign a contract saying that he has established an alcohol program, and this would probably be enforced by employees saying, "This is not the case," if he breaks it.

So that we do not really contemplate at the present time very much of an enforcement burden. In fact, there is no appropriation or authorization for appropriation in this bill at all.

Mr. ARCHER. No. And I think——

Senator HATHAWAY. This is simply to set that up. And after we monitor it, or after we find out for a few years that the employers really are not establishing this program even though they signed a contract to do so, I suppose at the time we might have to do something in that regard.

But the bill is drafted with the thought in mind that if this is a requirement of the contract most employers—or 90 percent of them—will go ahead and establish some kind of program; and the only burden to NIAAA would be to furnish the models and guidance.

But I understand you are doing that right now anyway.

Mr. ARCHER. We wish to expand our efforts to do so.

Senator HATHAWAY. So it does not seem to me that your argument that it would be costly to enforce is applicable, at least as far as this bill is concerned.

We are not going to have inspectors going out to the workplace—through the employer's premises—day in and day out, to check whether or not they have got an alcoholism program. We simply want to make it a requirement of Government contracts and let it go at that, at least for the present time.

I suppose there are other requirements in Government contracts that essentially go without much monitoring because we operate on the good faith of the person who receives the contract.

Mr. ARCHER. Yes. And I believe the representative from the Office of Management and Budget will speak to this in more detail as well.

Senator HATHAWAY. But it seems to me—although it is commendable, we have 2,000 employers who have alcoholism programs. There are 4 million employers in this country. To be sure, some of them are very small. In fact, 2 million of those are one to four employees, and probably statistically, any one of them being

alcoholic is probably not very great, considering—what?—about 10 percent of the work force has a problem with alcoholism?

Mr. ARCHER. Approximately 10 percent.

Senator HATHAWAY. So when we get up into the higher numbers, it is reduced considerably; and to say that 1 million, when we get up close to 100 employees—still, 2,000 out of 1 million is not very good.

Although we have had voluntary efforts going on for a long time, it does not seem to have stimulated too many employers to adopt this program. Someone like the occupational safety can prove to most employees that it is cost-effective to have safety devices, because there is no lost time from work for injuries, and so forth, which would be very costly.

Nevertheless, the employers resisted very strongly the Occupational Safety and Health Act. I presume by now they probably realize that they are better off with the act than they were without it. And it is just difficult to get people to do things on a voluntary basis.

Senator CHILES. I thought this was not going to be like the Occupational Safety Act.

Senator HATHAWAY. I just gave that as a factor, that almost every employer would agree is cost effective. I am not trying to transpose the exact provisions of the Occupational Safety Act to this one.

Mr. ARCHER. Yes, sir.

We are certainly very strongly in support of the same goals as the Senator is. But it is our feeling that we can achieve the same goals and develop such programs in all Federal contractors, not just on a voluntary baiss—but by aggressively seeking out and providing that type of technical assistance to industry and to organized labor as well.

We believe very strongly that we can achieve those same goals.

Senator HATHAWAY. Well, NIAAA did fund a fairly extensive initiative a few years ago.

What were the results of that?

Mr. ARCHER. Well, at the beginning of that period, as best we can identify, there were fewer than 400 occupational programs across the Nation. NIAAA's initiative more than tripled the development of new programs. We feel that within the next several years, and with an increased emphasis both from the National Institute and HEW at large, we can further duplicate that kind of massive expansion of programs.

The programs themselves are certainly, as you said, highly effective, not costly. What we need to provide is a kind of technical assistance through the States and through occupational consultants to assist industries to provide such programs.

Senator HATHAWAY. How many States continue to do this with their own money?

Mr. ARCHER. Most States are actively engaged in efforts to develop and expand occupational programs—either with their own funds or with formula grant moneys. At least 30 have placed it as one of their highest priorities in their fiscal year 1977 State plan.

Senator HATHAWAY. Do you know how many do?

Mr. ARCHER. At least 30 States, sir. We can provide that for the committee later.

[The material submitted for the record follows:]

STATES LISTING OCCUPATIONAL PROGRAMS AS PRIORITY IN FY 1977 STATE PLAN

Alabama	Mississippi
Arizona	Missouri
Arkansas	New Jersey
District of Columbia	New York
Georgia	North Carolina
Illinois	Oklahoma
Indiana	Pennsylvania
Iowa	Rhode Island
Kansas	South Dakota
Kentucky	Tennessee
Louisiana	Texas
Maine	Vermont
Massachusetts	Virginia
Michigan	Puerto Rico
Minnesota	Virgin Islands

Senator HATHAWAY. Our hearings indicate that they do not do an awful lot.

Mr. ARCHER. Well, the amount of money is not necessarily large, because the cost of programs is largely borne by the industries themselves. The only cost, for example, in the State of South Carolina, which has a very extensive program, is on a fee basis. The employers pay the State organization a fee of $2 per person to develop such a program.

In my own State—I come from California—we have in over 40 of the 58 counties in the State, occupational programs, consultants going out every day and developing programs. And we have expanded these programs in California fivefold.

Senator HATHAWAY. Since I have stated that there is going to be no enforcement burden, does that change your mind with respect to the bill?

Mr. ARCHER. No, sir. We still will be opposed to it.

Senator HATHAWAY. For what purpose?

Mr. ARCHER. On the basis of the mandatory nature.

Senator HATHAWAY. Why?

Mr. ARCHER. It is our feeling that one of the problems that might occur from a mandatory nature is the fact that people would meet only the bare minimum requirements. We would prefer to see better programs, which we think could be developed through a voluntary basis that——

Unfortunately, many times people—if a program is mandatory—will come up only to the minimum requirements. And while on paper they may appear to have a good program, it would meet only the minimum requirements in actual practice, and would not be able to provide the kind of quality services that alcoholic people deserve.

Senator HATHAWAY. Do you not think that once they see the benefits of having the program, they will realize that they are going to save money?

Mr. ARCHER. Yes, sir,——

Senator HATHAWAY. At least in making it mandatory you get a whole bunch of them started, even if they are notices on the bulletin

board that there is a treatment center on such and such a street for alcoholics to go to—is more than they are doing right now.

And it seems like it would be a step in the right direction even though as you say, they may only give lip service to it. They are not even paying lip service to it now.

Senator HATHAWAY. Build on that, though this does not say that your ongoing program is going to be cut out. You can build on that to help them build better programs.

Mr. ARCHER. Yes; but we feel that we can do that and accomplish that on a voluntary basis by placing an emphasis from both the Institute's level and some higher levels in HEW, and placing high priority on the development of such programs, both among Federal contractors and, even more importantly, with organized labor and industry throughout the country.

Senator HATHAWAY. But I still do not see the difference between making this mandatory because people should realize that if they drive at high speeds, for example, they run a considerably greater risk of being killed on injured. So why do we have speeding laws? Let us do it on a voluntary basis.

You can go through a whole host of laws that are really good for the people. This one seems to be less onerous than some of the other mandatory laws that people ought to be obeying without any laws, because this simply makes them aware of the program.

To be sure, we are going to have to have minimum requirements for these, to satisfy this particular act. At least it would get them started in the right direction, something that, you know, 99 percent of them have not done to date.

Mr. ARCHER. Yes, sir.

While we do agree that the requirements certainly would be less than in the area of speeding enforcement and other types of areas, it is our interpretation that the law would require regulations that in all likelihood would impose such types of enforcement provisions.

And it comes to the question of whether we would recommend additional funding for this enforcement provision or additional funding for development of programs.

My preference would be to have to seek appropriations for additional programs rather than enforcement activities.

Senator HATHAWAY. Well, I think we can take care of any apprehension you might have by amending the present bill in that regard.

Mr. ARCHER. I would certainly hope so sir. I would have to look at these amendments to see whether we were in a position to support them. I would hope we would be.

Senator CHILES. The problem seems to be one of getting this set as a strong enough priority in the private sector. How do you see changing priorities and getting that strength in the private sector short of going to this kind of legislation where you make it a mandatory requirement?

Mr. ARCHER. I believe that both the Institute and HEW itself can take a much stronger stand, and we hope that we would, to bring in representatives from both organized labor and from industry and other areas, to demonstrate.

First of all, the Federal Government places high priority on occupational alcoholism programs and is working aggressively with Federal contractors to develop programs. Second, the Federal Government is laying it out as a high priority to the States, encouraging all States

to address occupational alcoholism programs in their state plans and in State appropriations.

I believe that this can be accomplished, and I believe it can be accomplished by placing a much higher priority on occupational programs—for example, in a proposed reorganization of the National Institute that I have submitted, we have felt that this is one of the highest priorities that we have, so we have proposed upgrading the organizational location of our occupational program effort.

Senator CHILES. Do you see that the granting of any incentives is a way to get the private sector to be more concerned about that? I am thinking either by virtue of a tax incentive or, if we are dealing with the contractors who are dealing with the Government, by virtue of some incentives in regard to the plan that they might present. Rather than making a mandatory requirement, you build in incentives.

Mr. ARCHER. I personally would always favor a positive approach, which would be incentives.

As to the question of whether it would be financial or incentives through bidding points, or other kinds of approaches, I think those would have to be evaluated. I really am not in a position to say what would be the best approach.

We would certainly look to and support positive approaches such as the various types of incentives. This would be, hopefully, a way that this might be approached, though I am not sure whether financial incentives are the best way.

There may be other positive approaches that might be possible.

Senator CHILES. What other incentives would you see? What other ways?

Mr. ARCHER. Well, I am sure there are a number I have not even thought of, but such things as you, I believe, directly alluded to, which was in effect providing bidding points or——

Senator CHILES. Well, that is kind of a financial incentive, or so I consider it.

Mr. ARCHER. It may well fall in that; yes. And I believe those are all things that we should be looking at, the pros and cons, and then coming to you with recommendations at a later date,

Senator CHILES. Thank you.

Senator HATHAWAY. Thank you very much.

I just want to summarize that you believe that all of the programs, such as this, are cost effective?

Mr. ARCHER. Yes, sir.

Senator HATHAWAY. Worthwhile for any employer?

Mr. ARCHER. Yes, sir.

Senator HATHAWAY. And your only objection to it—and we can answer that by making sure that in this bill——

Mr. ARCHER. No.

We believe so strongly——

Senator HATHAWAY. You just think that you could do it better through voluntary programs?

Mr. ARCHER. Yes, sir.

We plan to place a heavy emphasis on—a strong emphasis on the development of such programs. We believe the most cost-effective alcohol programs——

Senator CHILES. I understand that you also think that the voluntary program tends to be a better program, and not just a paper

program that you are just checking off to say that you have complied with regulations.

Mr. ARCHER. Yes, sir.

I tend to believe that in most areas; I prefer a positive approach rather than negative, Even so, I believe voluntary would be better; yes, sir.

Senator HATHAWAY. Would you say the same thing with respect to health and safety regulations, that we should not really have an OSHA; we should have some kind of Senate program to force employers to make their premises safer?

Mr. ARCHER. I really could not speak to that area. I am not that knowledgeable on the health and safety standards. I do know that it is both financial benefit to the employer and actual benefit to the employee.

We feel that occupational alcoholism programs certainly should be voluntary. OSHA, I believe, is more in the area of general public safety.

Senator HATHAWAY. Well, how about section 503, which requires the alternative action with respect to the handicapped, which also includes our colleagues?

Do you think that should be an incentive program rather than a mandatory program? Is that not about the same as this?

Mr. ARCHER. No, sir. I do not believe it is the same. In speaking of Section 503 of the Rehabilitation Act. I believe that we are speaking of basic human rights, and I believe that alcoholic people have the same rights as anyone suffering from any other disability or any other disease, that the alcoholic person should not be discriminated against because he has the disease of alcoholism any more than a person who has heart disease or a person who has uncontrolled seizures, or a person who has emphysema.

So I believe in this case it is not a question of voluntary; it is a question of affirming the basic human rights of alcoholic people, people with a disease. And therefore they should not be discriminated against any more than any other disease. So we support the provisions of sections 503 and 504 as they presently are in the law, providing that there shall not be discrimination against individuals with alcoholism, any more than against individuals with any other disease.

Senator HATHAWAY. Well, I agree with you on that and I think this sort of falls into the same category. This would become cost effective to the employer, and cost effective to the Government; is that not correct?

Mr. ARCHER. Yes, I believe it would, in that employees would increase their tax payments. All alcoholism programs are highly cost effective because they increase the tax income to the Federal Government.

Senator HATHAWAY. Also as far as the Government contract is concerned, the contractor would be able to perform it for less money, because if you had a program such as this, it would be much more cost effective.

Mr. ARCHER. Yes, sir.

Senator HATHAWAY. And it would save the taxpayer money with respect to Government contracts.

Mr. ARCHER. That is why we are very supportive and pleased that you are supportive of occupational programs, because they do increase the productivity of all employees.

What they do is provide basically improved and good supervision. They provide concern for the employee. So they are very, very effective programs and increase productivity.

Senator HATHAWAY. It seems to me that would be an argument for making it mandatory in order to save the taxpayers money on the contract.

Mr. ARCHER. Well, we certainly agree on the programs. We feel that they can be sold on the basis of the fact that they are effective, and it is incumbent upon us to do a better sales job than we have in the past.

Senator HATHAWAY. Well, I respectfully disagree with you. I do not think we can come to any agreement here.

Mr. ARCHER. Thank you.

Senator HATHAWAY. Thank you.

Our next witness is LeRoy Haugh of the Office of Federal Procurement Policy, Office of Management and Budget.

Mr. Haugh, we have your complete statement; and I will be glad to put it in the record. And you may summarize it, if you wish.

STATEMENT OF LeROY HAUGH, ASSOCIATE ADMINISTRATOR FOR REGULATIONS AND PROCEDURES, OFFICE OF FEDERAL PROCUREMENT POLICY, OFFICE OF MANAGEMENT AND BUDGET

Mr. HAUGH. Senator Hathaway, the statement I have is fairly short. With your permission, I would like to read it for the record.

Mr. Chairman and members of the subcommittees, I am pleased to have the opportunity to present the views of the Office of Federal Procurement Policy on S. 2515, a bill to amend the Rehabilitation Act of 1973 by adding a new section 505, which would require the establishment or availability of occupational alcoholism programs under all Federal contracts of $2,500 or more, and all subcontracts thereunder of $2,500 or more.

While we recognize the major health problem posed by alcoholism, and endorse efforts to combat this illness, we oppose S. 2515 for reasons I shall outline.

First, imposing additional requirements on the Federal contracting process is an inappropriate and cumbersome mechanism for improving access to alcoholism treatment.

The Commission on Government Procurement, in its report to the Congress in 1972, called attention to the increasing frequency with which the legislative and executive branches are using the Federal contracts process as a means toward achieving social and economic goals.

The Commission noted 39 such programs in effect at the time of its report; others have since been enacted or introduced.

While there is merit to such socioeconomic efforts, we should in every case first consider other avenues of impliementation. To continue to implement socioeconomic programs through Federal contracts will further increase the already considerable paperwork, reporting, and surveillance requirements forced upon our contractors and subcontractors. It also runs counter to other legislative and executive proposals and programs to simplify the contracting process and to reduce paperwork and reporting requirements.

Second, S. 2515 is likely to have adverse effects on the Federal contracting process, reducing competition and increasing costs. I would

like to add that this, of course, in no way implies a weakening of the administration's commitment to programs now being implemented under Federal contracts.

Most Federal contracts are less than $10,000 in amount. The same is true of subcontracts under Federal prime contracts. Many small business firms compete for the award of these contracts. Thus, the main burden of the requirements of S. 2515 would fall upon small business firms. Costs of contract performance would be increased, and competition would be diminished.

Many firms, particularly small businesses, are already deterred from competing for Government contracts by the increases in paperwork, reporting requirements, and other burdens which they would have to assume, even under relatively low dollar value contracts. This added requirement would further discourage them.

Some small firms, which now compete for only a few Federal contracts, might choose not to compete at all rather than to incur the cost of even a minimal occupational alcoholism program. Other contractors might be located near established public treatment facilities to which they can readily refer their employees, deriving a competitive advantage over firms not so advantageously located.

With big business firms, the picture changes somewhat. More and more of such firms are finding that the establishment of occupational alcoholism programs, either in-house or through referral arrangements, results in cost savings over a period of time, as well as the human benefits of roughly 70 percent recovery rate among the alcoholic employees in such programs.

There are currently about 2,000 private-industry alcoholism programs in operation, most of them established since 1972, based on informal estimates provided by the National Institute on Alcohol Abuse and Alcoholism, NIAAA.

Some 50 percent of the "Fortune 500" list of big firms have such programs. We stress the fact that these programs are being established voluntarily, albeit often with NIAAA advice or assistance. As the benefits of these programs become better known, even more companies will establish programs.

We would prefer to encourage the voluntary establishment of occupational alcoholism programs, rather than to mandate such programs across the board for virtually every Federal contractor and subcontractor.

We favor the continuation of existing efforts to "market" these programs to industry, and helping to set up programs at the State and local level to which small firms might refer their employees.

The programs could be marketed to labor unions as well, which could make them a matter for collective bargaining. We feel that efforts of this sort would be much more productive and would cost less than the mandatory requirements of S. 2515.

We are unable to estimate the total costs to the Government, direct and indirect, of administering and monitoring the many thousands of contractor programs which, under S. 2515, would have to be monitored in terms of contract compliance and performance. In a time of increased competition for scarce resources, we do not believe that enactment of S. 2515 would result in a prudent allocation of either funds or personnel.

This concludes my prepared statement. I shall try to answer any questions you might have.

Senator HATHAWAY. Now, you say, Mr. Haugh, on page 2, that the Commission noted 39 such programs.

Are these programs that are mandated under the procurement contracts?

Mr. HAUGH. Yes, sir, 39 of them were implemented through the procurement process at that time.

Senator HATHAWAY. Can we have a list of those? Can you think of any offhand that were mandated through the procurement process?

Mr. HAUGH. Well, the most obvious one, of course, is the small business program. Also, many of the labor statutes—the Davis Bacon Act, the Service Contract Act, the Miller Act, which requires bonding under construction contracts—are just a few. Another is the equal employment opportunity provisions.

We can provide a list of those 39 programs for the record.

Senator HATHAWAY. And all of those I assume, require redtape and paperwork?

Mr. HAUGH. They all require some degree of additional paperwork. Some of them are of course more beneficial than others. Some are more burdensome than others and, we think, less cost-effective or less productive.

Senator HATHAWAY. Well, if this one simply required the employer to certify that he had a program, that would not be any, you know, enforcement—at least for a while—to see whether it could stimulate voluntary compliance.

That way, then, you would not have objection as far as cost of enforcement is concerned; is that correct?

Mr. HAUGH. If that were the nature of the program, then there would not be any cost of enforcement, but I think that a program like this, if it were imposed as a contract requirement, would require the contractor to do something. And if it were not enforced, it would be no better than a voluntary program and would really result in nothing.

Senator HATHAWAY. Well, we can have, you know, a fairly easier requirement to be such as the outline of what the program is submitted by the employer. Small employers can, you know, simply say—to refer our alcoholics to such and such a treatment center—and whatever else they may do—as many of them do at the present time.

They do not, you know, have enough employees to warrant an in-house treatment center or detox center or anything else. So they do refer them.

But as long as they would certify that that is what the plan is, it would seem to me that could be sufficient.

The larger ones of course might have to describe in a little bit more detail just exactly what they had. But I would guess that none of them are simply going to falsify the treatment facility in the agreement when they actually do not have one.

So it does not seem to me to require an awful lot of monitoring in that regard. Our problem today is that there are only 2,400 of the 4 million employers in this country who have programs at all.

And the thinking of the Subcommittee on Alcoholism—at least if they can at least get the rest of them started— and I suppose, you know, the requirement of the Federal contract of $25,000 or more, is going to cover a considerable number of businesses.

Then we may have made a major achievement, because once they get started, then we think that most of them will continue those

programs and see the value of them. So we are not that much concerned about having someone there monitoring every day to see whether or not there is someone in charge of screening all employees to see whether they are alcoholics or not, and referring them, and so forth, as long as they can certify to us, or the contractor or officer, that they have—do have a program; and this is what it is. I think that is a giant step in the right direction.

And certainly that would not be a very onerous burden upon the Federal Government to receive those applications, nor would it be much of a burden on the businesses to provide them.

Mr. HAUGH. Well, we like to think that the 2,000 programs that are now in existence represent a very definite trend, since most of them were established within the past 5 years. And this indicates that there is a lot of action in the voluntary field.

There are other things going on in labor-management relations, in the health insurance field, and a number of companies taking advantage of the enlightened view toward the illness of alcoholism, and doing things voluntarily.

But——

Senator HATHAWAY. It is moving painfully slowly. We have made some strides from 400 to 2,000 firms in the last 5 years; but there is no indication that we are going to go beyond that. And it has required an awful lot of Federal money to hire people, to provide money to pay for people to go out in an outreach program to get those employers interested in such a program. And here is a way to do it, I think, at a very low cost.

Mr. HAUGH. Well, the bill as written does not leave any room for flexibility, as far as a program or enforcement of that program.

Senator HATHAWAY. Well, we could take care of that with a proper amendment.

Mr. HAUGH. It would, as it now stands, require the establishment of a program. We estimate we are talking about something over 100,000 contractors who do business with the Government, perhaps as many as two-thirds or three-quarters of whom never have a contract over $10,000. And it would certainly be a burden to contractors who have businesses of that small dollar value to establish programs just to comply with the bill's requirements. We also see this as an area for protests for example, a protest against award on the basis that the prospective contractor is not in compliance with this requirement.

Senator HATHAWAY. But the bill covers, on page 2, referrals; so there is not that much of a burden to establish the program, because the small businesses refer them to the local treatment center, and it takes the personnel manager—maybe one-tenth of all his time, to handle the alcoholism programs.

But it is not all that great for 100 employees. Probably no more than 10 of them would have to be so referred. So it does not seem to me that it is all that burdensome. It is only when you get into the larger numbers that you are going to have to have some in-house service. And this could be helped considerably by the NIAAA model which can be geared to numbers of employees and which will guide the various employers with respect to the kind of plans they should have.

As a matter of fact, I do not see any objection to waiting until such models have been drawn up by NIAAA before making the act enforce-

able because I think they already have models. And it would not take very long to get up whatever additional models they might need.

So considering that, do you still have your objection?

Mr. HAUGH. Well, yes.

I think that it is another added requirement that the contractor may or may not have any need for, or that he may or may not be able to carry out.

Most small business firms—and I do not know what the optimum size would be—but most of them would not have the capability to establish a program in-house, or if they did, the cost would most likely be passed back to the Government. They would simply be complying with the requirements of the bill, without necessarily having any need for such a program.

If I were the contractor in that situation, unless my livelihood depended on doing business with the Government, faced with a requirement of complying with one more provision added to my contracts, I would probably choose not to do business with the Government. And we would lose more of our competitive base.

Senator HATHAWAY. You already testified that there are 39 other socioeconomic provisions that he has to comply with. And this seems to me to be one of the least burdensome of all of them.

But certainly I do not think you can argue that this is one that is going to keep all these businesses from competing or bidding on contracts.

Mr. HAUGH. I think each additional requirement drives more people away from the market.

Senator HATHAWAY. I think you would have a tougher time making a case that this is one that is going to drive a substantial number away but the others did not.

Mr. HAUGH. It would depend——

Senator HATHAWAY. I will argee with you that probably some of the others do keep some small businesses from competing; that they do not want to bother to fill out all of those forms. But I would not agree with you that this is the one that is going to really reduce competition to the extent that there is going to be an excessive burden on the Federal Government to increase costs.

Mr. HAUGH. If all that it required were this referral, and if there were——

Senator HATHAWAY. In many cases, with respect to small businesses, 2 million of our businesses in this country have one to four employees. It is obviously going to be a referral. We do not expect them to have an in-house program for four employees. And it is only when you get up to, well, in the neighborhood, I would think, of 100 or more—probably more than that—when you are going to have to get into anything that is going to cost very much.

Mr. HAUGH. The bill does provide for any employee who is not satisfied with the program to protest to the Department of Labor.

Senator HATHAWAY. Right.

Mr. HAUGH. And this we see as an avenue for many protests—if they do not feel that the referral program is adequate. The employer could become embroiled in a controversy between his employees and the Federal Government as to whether what he is doing is adequate. The bill is silent in that respect.

Senator HATHAWAY. Well, I think that is a necessary provision in order to make sure that the employer is in compliance. You have that with respect to the Davis-Bacon Act and a lot of other provisions in Government contracts, do you not?

Mr. HAUGH. It would require additional resources in the contract administration area to insure that these 100,000-plus contractors were in fact complying with it.

Senator HATHAWAY. If the original compliance is satisfied by the employer simply submitting what he has, or what he intends to have, I would think that would be sufficient to satisfy the contract.

Then in addition to that, I suppose if an employee complains that he is not getting any treatment when he is supposed to be getting treatment, that that would be an occasion for the Department of Labor to make an investigation to see whether the employer is actually complying with the letter or the description that he sent in.

But it would only be in those cases that it would be any burden, any cost burden, with respect to enforcement.

Mr. HAUGH. Well, that——

Senator HATHAWAY. I think if we look at this program as one of simply encouraging, you know, a vast number—you say 100,000—have the contracts to start these programs—at least to get the idea in their heads. And as mentioned earlier, we have taken a giant step in the right direction, even though we may not get, in many of those instances, an ideal program. But at least it will make a lot of them aware that this is a fact; that this is a cost-effective mechanism for them; they are actually going to save money by having some kind of a program like this.

Mr. HAUGH. Well, we feel that we are aware of benefits of programs like this, through the efforts of the National Institute, without imposing a burden from the bottom up on them. We would prefer to see the benefits of a program like this——

Senator HATHAWAY. You know, you tell people over and over again, and they do not do it. This is just a slight nudge in that direction. This forces the employer to sit down and think about what kind of a program he should have. And he has to write it out and send it along with his bid on the contract. And it forces him to start some kind of a program on his premises.

You can tell him, "Look, it is a good idea for you to have one." And then he puts that on the bottom of his pile of things to do; he goes on to something else and never starts the program. Otherwise, we would have a lot more than 2,000 on a volunteer basis.

I am sure that every employer in this country is aware that alcoholism costs them money; but only 2,000 out of 4 million are doing anything about it; and I think that my argument is borne out.

I think that is true of human beings generally, that you have to give them a little bit of a nudge in many cases in order to get them to do what they ought to do voluntarily. And this subcommittee sees this a nudge in that direction and not really an onerous requirement being placed on them.

Mr. HAUGH. Well, as I said in our statement, we certainly cannot—do not disagree with the efforts to combat the illness. But we do feel that this would impose the greatest burden on those contractors who perhaps have the least need, small businesses, and on firms who may

not even have enough employees to warrant a program, but would be required——

Senator HATHAWAY. Well, we could consider exempting some that are 10 or less; you know, statistically, you would say that, you know, only about one in 10 who are alcoholics, who are working on the job. So maybe if we except those, exempt those under 10, we would not be doing a great disservice.

Mr. HAUGH. Well, I do not know whether it is feasible to break down our contracts by number of employees. A much easier breakdown would be by size of contract, or to exclude small businesses generally, for example.

But we are concerned that at some point—there is a straw that breaks the camel's back. Every added requirement does drive away more people from the Federal market. And we think it is unfair to those people who are doing business with the Federal Government to use them as a mechanism for enforcing something at this level.

Senator HATHAWAY. Yes.

Thanks very much.

The next witness is Dr. Morris Chafetz, President, Health Education Foundation and former Director, National Institute on Alcohol Abuse and Alcoholism.

Morris, nice to have you with us.

STATEMENT OF MORRIS E. CHAFETZ, M.D., PRESIDENT, HEALTH EDUCATION FOUNDATION; FORMER DIRECTOR, NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM

Dr. CHAFETZ. Thank you, Senator. I am delighted to be here.

If I may say, as an aside, I am also delighted to see how pleasant it is to be free to testify about things I believe in, having spent 5 years in a situation where I was forced to take positions I did not believe in. I sympathize with my colleagues in the Government. I will have a very brief statement but would like, Senator, to comment on the statements made by the gentlemen from the OMB and the Department.

As far as I am concerned, I strongly support the thrust of the bill that you and Senator Williams have introduced. As the founding Director of the National Institute on Alcohol Abuse and Alcoholism, and in my present capacity as President of the Health Education Foundation, I feel I have special insight into the nuances that this particular legislation brings before us.

First of all, I will briefly tell you that the Health Education Foundation is dedicated to the proposition that people can help themselves to improve their health. I am devoted to developing and supporting programs that allow people to receive treatment earlier than is the norm—which, of course, gets into the linkages of the high medical costs that are devastating this country. We must remember that, in the 39 problems that the OMB says have already been imposed on the Federal contractors, that the major health problem facing American industry today is alcohol related. They may want to consider, if they are interested in tradeoffs, that some of the other proponents and provisions for Federal contractors be removed and this important one substituted at a lower cost to themselves, and not to become dependent on emergency solutions much later in illness.

Now, this Senate and, of course, this committee, has a long history of major concern for the problems of alcohol abuse and alcoholism. Its historical legislative thrusts are very great, though I understand there are some issues coming down the road which may reverse that situation.

As Loran Archer has quite correctly reminded us, one of the first thrusts of the Institute at its time of creation was to develop occupational alcoholism programs because we knew that with the biases, discriminatory practices and fundamental ignorance that existed in this field, that alocholic people had to be identified early in their illness and obviously when they were employed. Only then could they have the best chance of recovery.

The ignorances and prejudices of people, especially in the alcoholism field, are so engrained that it takes longer to overcome them. People discriminate against alcoholic people, put them down, judge them harshly and really do not understand them. In my judgment that includes people who are committed to the field of alcoholism.

One study I like to refer to shows that physicians, in major hospitals, in spite of everything they have said—and they have said all the right things—tend to use the model of a "skid-row" person when they are actually diagnosing an alcoholic person. And I think, in spite of our progress, in which we can take a measure of pride, that when you scrape below the bottom, people are still making judgments and are being discriminatory about people who suffer from this illness.

And I think it comes out in this kind of issue, because fundamentally, we know—and you have much testimony to show, and I do not intend to repeat what is in my statement—that the cost-effectiveness of many kinds of occupational alcoholism programs is well established.

When we talk about there being no ideal model, I do not know of an ideal model for anything that involves human beings. Why should we expect an ideal model for alcoholic people, except to use it as a rationale to do nothing for them?

Due to the nature of this problem, people sometimes have to be persuaded to help themselves while they are helping other people; and that is why the Health Education Foundation and I support this bill; because we believe that anyone who takes Federal money, in a Federal contractual way, has certain responsibilities and obligations that do not necessarily exist in other aspects of the private sector.

I would like Senator, to address one particular section of this bill.

There has been some evidence, confirmed this morning, that the small-business community has been opposed to this legislation. Although I am especially sympathetic to the needs of the alcoholic population of this country, I can empathize with the small-business community, who feel imposed upon by any new regulations, new requirements for doing business, and increased paperwork.

The motion that the Federal Government is a massive, unyielding bureaucracy is to some degree—and maybe to a major degree—a legitimate point of view. However, I have always felt that there are instances where federally mandated activities are a necessary social responsibility; particularly, this has been necessary in areas concerning health and mental health, and where direct Federal dollars are being solicited.

I think that in this instance, we may have a solution for small business concerns.

I recommend, Senator, that the exclusionary aspect of the bill, which is now set at a sum of $2,500, be rewritten to say that any prime contractor or subcontractor who has fewer than 10 employees, be excluded from the provisions of this bill.

I will submit for the record a chart showing the business patterns in this country that indicates that three-fourths—that is, 3 million of the 4.1 million businesses in this country—have fewer than 10 employees. Yet, collectively, these concerns make up only 10 percent of the employed population of this Nation. In other words, by using the provision that occupational alcoholism programs for Federal contracts, be mandated for companies with 10 or more employees, 90 percent of the employed population would be included. Yet only 25 percent of the businesses would be affected.

In effect, we will be requiring that those who have the most employees as well as the most resources to respond to this need will be in the position of helping people while they help themselves.

In conclusion, Mr. Chairman, there are many other quantifiable benefits which can be realized by mandating occupational alcoholism programs. Yet, the most important saving of all can never be quantified, not unless you are willing to put a price tag on human life.

Therefore, the measurable savings which can be realized through an effective occupational alcoholism program will pay for the cost of such a program many times over, and the quantifiable savings are far greater. Where the problem of alcoholism is involved, the concern is life for the individual employee.

Finally, I would like, Senator, to request that certain other related materials be sumitted at a later date for inclusion in the hearing record.

I will be glad to take any of your questions.

[The prepared statement of Dr. Chafetz follows:]

INVITED STATEMENT OF

MORRIS E. CHAFETZ, M.D.

PRESIDENT, HEALTH EDUCATION FOUNDATION

TO

HUMAN RESOURCES SUBCOMMITTEE ON

ALCOHOLISM & DRUG ABUSE

AND

GOVERNMENT OPERATIONS SUBCOMMITTEE ON

FEDERAL SPENDING PRACTICES & OPEN GOVERNMENT

Mr. Chairman

I am pleased and grateful for the invitation to testify regarding Bill (S-2515) which will provide that government contractors establish and operate certain alcohol abuse and alcoholism programs and services.

My experience as the founding Director of the National Institute of Alcohol Abuse and Alcoholism and now as the President of the Health Education Foundation (HEF) has provided me with special insights into the problem of alcohol abuse. The Health Education Foundation is dedicated to the proposition that people can help themselves improve their health. I am devoted to developing and supporting programs that allow people to receive treatment earlier, at a lower cost to themselves and not to become dependent on emergency solutions much later in their illness.

The concern of the Senate of the United States for the problems of alcohol abuse and alcoholism is well documented. The concern is reflected in many legislative efforts and most particularly in this significant bill. I am very familiar therefore with the intent and thrust of the proposed legislation being discussed today and I want the Chairman and his colleagues to know I strongly support this proposed legislation.

When I came into the government, one of the first things we did at the National Institute of Alcohol and Alcohol Abuse

was place heavy emphasis on Occupational Alcoholism programming I remind the Senators that the original alcoholism legislation stated that one of the best ways to recognize and identify the early signs of alcoholism was through the establishment of occupational alcoholism programs, particularly within the Federal government since it is this country's largest single employer. Although a great deal remains to be done, establishing such programs for Federal employees is certainly a step in the right direction.

Some people may be impatient at the level of progress that is being made in alcoholism, but as in all controversial areas, the ignorance and prejudices of people is so ingrained that it takes much longer to overcome. Alcoholism is such an issue because people, even those in the field of alcoholism, tend to discriminate, put down, judge harshly, and not completely understand the problems of alcoholic people. As a matter of fact, one study that is particularly illustrative shows that doctors, when they diagnose alcoholism, even though they say and understand that an alcoholic person is sick, and that alcoholism can occur in any socio-economic group, tend to use as their model as the basis for their diagnosis the "skid row" derelict. They equate the alcoholic person to the late stages of the illness, and not an earlier one. But the fact is the skid row derelict makes up only 3-5% of the total alcoholic population. I feel this "skid row" mind set and associated

stigma drive people away from early identification. We drive them away because we tend to make them feel that the inpatient residential program is the only treatment model that exists for alcoholics. This is precisely why we need to have many alternatives, all of which enhance the opportunity for a person to get into treatment earlier. This bill is an excellent alternative.

It is also interesting to note that through this legislation we are in a sense forcing people's hands on this issue through the business community of this country. Every quality occupational alcoholism program that I know of has returned enormous cost and human savings to the people who have implemented it. Recovery rates of 70 to 80 percent are achieved in employees with alcohol problems in those industries instituting occupational alcoholism programs.

- Scovill Manufacturing Company of Waterbury, Connecticut estimated they saved $186,550 every year with an occupational alcoholism program.
- Illinois Bell Telephone Company reported a forty-six percent reduction in sickness disability of employees treated for alcoholism. This was reflected in a tremendous decrease in use of health insurance.
- Kennecott Copper Company reported a decrease in costs of 50 percent in hospital, medical and surgical expenses.

- Government studies report that treatment in an occupational setting of alcoholic people resulted in -- among other successful findings -- an eighty-one percent reduction in the use of hospitals for any cause, and increased earning capabilities that equalled the Federal cost of the program.

But, because of the nature of the problem, sometimes people have to be persuaded to help themselves while they are helping other people. This is why the Health Education Foundation and I support this bill.

I also would like to take the opportunity to address one specific section of the bill. There has been some evidence that the small business community has been opposed to this legislation. Although I am especially sympathetic to the needs of the alcoholic population in this country, I can empathize with the small business community who feels imposed upon by any new regulations, new requirements for doing business, and increased paperwork. The notion that the Federal government is a massive, unyielding bureaucracy is to some degree a legitimate point of view. However, I have always felt that there are instances where federally-mandated activities are a necessary social responsibility; particularly in those areas concerning health and mental health. I think that in this instance we may have a solution for their concerns. I recommend, Senator, that the exclusionary aspect of the bill, which is now set at a sum of $2,500, be rewritten to say that any prime contractor or sub-contractor who has fewer than 10

employees be excluded from the provisions of this bill. I will submit for the record a chart showing the business patterns in this country and indicating that three-fourths of the businesses have fewer than 10 employees; yet collectively, these concerns make up only about 10% of the employed population. In other words, by using the provision of ten or more employees in order to be mandated into this Occupational Alcoholism Program for federal contracts, 90% of the employed population will be included. In effect, we will be requiring that those who have the most employees, as well as the most resources to respond to this need, will be in the position of helping people while they help themselves.

In conclusion, Mr. Chairman, there are many other quantifiable benefits which can be realized by mandating Occupational Alcoholism programs, yet the most important saving of all can never be quantified - not unless you are willing to put a price tag on a human life. So, although the measurable savings which can be realized through an effective Occupational Alcoholism program will pay for the cost of such a program many times over, the non-quantifiable savings are far greater. Where the problem of alcoholism is involved the concern is life for the individual employee.

Finally, I would like, Senator, to request that certain other related material be submitted at a later date for inclusion in the hearing record.

I will be glad to take any of your questions.

5

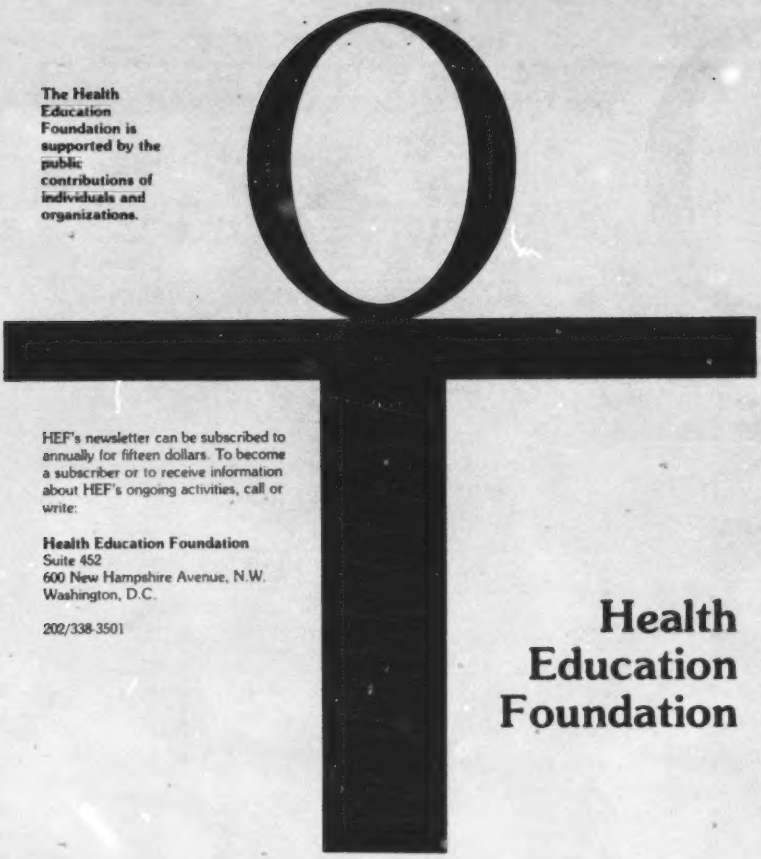
U.S. BUSINESS PATTERNS

Number of Employees	Business Establishments	Number of Employers
1-4	2,410,528	4,591,407
5-9	739,443	5,222,053
10-19	462,638	6,582,008
20-49	309,250	9,713,729
50-99	102,904	7,222,542
100-249	55,858	8,614,600
250-499	17,491	611,212
500-999	7,607	5,285,978
1,000 & Over	4,393	17,143,192
TOTALS	4,110,112	63,487,630

Source:

Amended from County Business Patterns,
1974, U.S. Department of Commerce,
Bureau of Census

The Health Education Foundation is supported by the public contributions of individuals and organizations.



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Health Education Foundation

Health Education Foundation, Inc.

The Health Education Foundation is an independent, nonprofit organization dedicated to the development of health promotion programs through education. Since three out of four premature deaths and disabilities are the result of unhealthy behavior, the modification of this behavior should be a paramount national concern. This change can be brought about in part by preventive education programs designed to inform people about health risks and help them become more effectively responsible for their day-to-day and long term well-being. Only by reducing demand, can we address the problem of skyrocketing health care costs.

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The Health Education Foundation's major goals include:

- Developing a greater awareness of the public's role in achieving and maintaining mental and physical well-being.
- Making information easily accessible which will enable people to make decisions about their physical and mental health.
- Changing people's behavior as they make decisions about their habits and consequently their health.
- Serving as a catalyst and focal point to promote an atmosphere in which the enormous potential of health education could be released.

These ends will be accomplished by:

- Sponsoring conferences and symposia on prevention through health education;
- Creating a clearinghouse on health education information, and the development of health messages; and
- Developing cost effective occupational health education programs.

ALCOHOL PROBLEMS AND THE WORKPLACE

The Cost

- 10 million alcoholic people in United States
- 8% of the work force are problem drinkers
- Problems arise during most productive years: 35-55 age group
- Problems with alcohol exist at all levels of employment: as likely among executives as in rank and file
- Alcohol problems reduce work performance and cost the company money in lost profits and fringe benefits: hidden costs are reduced efficiency, absenteeism, error in handling business, loss of training experience
- 50% of all job problems are related to alcohol problems
- Employers pay three times more in sickness benefits for alcoholic than nonalcoholic employees
- Alcoholics are absent from work 2 1/2 times more often than nonalcoholic employees
- Alcoholic employees cost industry 15% of all claims paid
- Typical employed alcoholic: 35-50, owns own home, been with company 7 years, married with two or more children, average or above average worker
- Most companies' policy: We will pay a premium to employees for the successful concealment of alcohol problems from management. This premium will be paid in costs for job security, promotion opportunity, increased health payments, and lost production. When the illness reaches the point where concealment is impossible, the employee will be terminated.

- Definition: An alcoholic employee is one whose use of alcohol interferes substantially with his job performance

- Economic loss to the Nation: $42.75 billion annually

- $19.64 billion	Lost production
- $12.7 billion	Health care
- $ 5.14 billion	Motor vehicle losses
- $ .43 billion	Fire losses
- $ 2.86 billion	Violent crime
- $ 1.94 billion	Social programs for alcoholics

HEF NEWS

Volume 1, Number 1 September, 1977

The Health Education Foundation

In the past decade as health care costs have skyrocketed, there has developed an increasing focus on the importance of self-help in the maintenance of one's health. Since three out of four premature deaths and disabilities are the result of an unhealthy lifestyle, it is clearly a paramount national concern to develop health awareness programs through education. It is toward this effort that the Health Education Foundation, a nonprofit, independent organization is dedicated.

The Health Education Foundation's goals include:

- Dveloping a greater awareness of the public's role in achieving and maintaining mental and physical well-being;
- Making information easily accessible which will enable people to make decisions about their physical and mental health.
- Changing people's behavior as they make decisions about their habits and consequently their health.
- Serving as a catalyst and focal point to promote an atmosphere in which the enormous potential of health education could be released.

Purpose of Newsletter

The HEF newsletter will be a key aspect of disseminating in layman's language existing and forthcoming information on how people can live healthier lives. In addition, information as to what is happening in the field of health education will be reported and discussed. The newsletter, initially to be published on a quarterly basis, will have the following sections:

- *News, Information and Discoveries*: will examine and report on new developments and discoveries in the field of self-health.
- *Governmental Activities*: will focus on federal legislation as well as executive branch health education activities. All important occurrences and developments will be fleshed out and discussed.
- *What's New at HEF*: will report on the Foundation's activities in the field.

In addition, the President of the Foundation, Dr. Morris E. Chafetz, will write an editorial on particular aspects of health education in the section entitled, "*Chafetz Comments*".

News
Information
Discoveries

Seven Simple Habits for Longer Life

- Dr. Breslow, Dean of the School of Public Health at UCLA, conducted a study of 7,000 individuals over a period of five and one half years and found that a 45-year old man practicing six out of seven of the following health habits could expect to live an average of eleven years longer than a male practicing 0-3:

1. Three meals a day at regular intervals
2. Eating breakfast
3. Moderate use of alcohol
4. Moderate exercise
5. Seven to eight hours of sleep a night
6. No smoking
7. Moderate weight

News Information Discoveries (continued)

How to Deal with Stress

• Excessive or chronic stress contributes to disease of cardiac, gastro-intestinal, respiratory, skin, excretory and other systems of the body. Although the physician can treat these illnesses, the individual is the only one who can prevent them.

Although the individual may use drugs or alcohol to deal with excessive stress, the best mechanism is a control system built upon exercises of relaxation. These exercises are implemented through the voluntary muscular system whereby a person may either (1) refuse to allow muscles to contract or (2) consciously relax them. Evidence is accumulating that a large number of people control stress responses, adapt with success to chronic stimuli of stress, and through neuromuscular relaxation techniques influence all phases of their adaptation responses.

Healthy Foods

• Worldwatch Institute, an independent research organization reports the following tips should be practiced in order to live longer:

- Reduce fat consumption by eating *less* meat, dairy products, fried foods and *more* poultry and fish.
- Use margarine instead of butter
- Lower cholesterol intake by eating fewer eggs and less red meat
- Reduce sugar and salt intake
- Eat more starchy foods, whole grains, fresh fruit and vegetables

Canada's Innovative Campaign for Life

Canada has been involved in a health campaign called "Operation Lifestyle." This creative new effort is aimed at helping citizens to improve their lifestyles in order to make their behavior healthier toward alcohol. Marc Lalonde, Minister of Health and Welfare, said:

Our role as government is to help individuals maintain a responsible approach to drinking. We want to reinforce the attitudes which cause them to keep their

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The Health Education Foundation Newsletter is published on a quarterly basis and can be subscribed to for fifteen dollars a year. Please address all correspondence to M.E. Chaletz, Editor HEF Newsletter, Suite 452, 800 New Hampshire Avenue, N.W., Washington, D.C. 20037. © 1[illegible]7

consumption within strict, self-imposed limits. They can then share their convictions with their friends and families in order to create a social structure which will keep alcohol use within bounds.

Moderate Drinking is not Hazardous to Your Health

• HEW's National Institute of Alcohol Abuse and Alcoholism's Second Report to Congress, *Alcohol and Health II*, indicates there is no evidence of harm to health from moderate drinking, which is defined as not more than 3 one-ounce cocktails or 4 8-oz. glasses of beer, or a half bottle of wine per day.

What's New at HEF

The following is a brief list and description of recent activities and projects at the HEALTH EDUCATION FOUNDATION:

• Dr. Chafetz, President of the Health Education Foundation, testified before the Senate Veterans Affairs Committee about legislation (S. 1693) calling for a comprehensive alcohol and drug abuse program in Veteran's Hospitals. Chafetz said that inpatient treatment is "no more effective, although obviously more expensive than treatment conducted on an outpatient basis using a variety of trained, but less credentialled people." He added:

"With this knowledge and with the evidence so overwhelmingly obvious as to cost-effectiveness, we need to wonder why the Veterans Administration should be limited in its administration, costs and care to these people. Alcoholics do not need to be hospitalized only in VA hospital beds. They do not need to be treated only by physicians. What they need is a multifaceted system of resources that can respond in a variety of ways to their needs. What they have now is a system that sometimes processes them into costly and inefficient care."

• HEF is pleased to announce that it has just received a grant from the Public Welfare Foundation to hold a symposium on the problems of alcohol and youth. The symposium will be held sometime in the fall at the Rockefeller Foundation in New York.

• Dr. Chafetz, was the guest speaker for the graduation banquet of Rutger's Summer School of Alcohol Studies. Speaking about the genesis of the Health Education Foundation, Chafetz said: "It is a direct outgrowth of what prevention of alcohol abuse taught me. Alcoholic people and alcoholism have, out of desperation, always been out in front of the rest of the health care industry in dealing with the needs of people. We can show them what it means to gain some control over an important part of one's destiny—staying well"

• The Health Education Foundation is in the process of developing an occupational health education program for implementation in industries. This program would educate employees as to the health-benefits of particular lifestyle habits. From a management perspective the program is attractive because in addition to having healthier and therefore happier employees, productivity would increase and health insurance costs would decrease due to a declined utilization of health benefits.

Chafetz Comments

Scare Tactics Don't Work

As the founding director of the National Institute of Alcohol Abuse and Alcoholism, one of the most important aspects of our national program was informing the American public as to the nature of drinking responsibly. The simple point we wanted to make was that given the fact that alcohol is here to stay, individuals, who have made the personal decision to drink, should have accurate information available to help them make intelligent and knowledgeable decisions as to the riskiness of their drinking.

This same idea, helping people make their own decisions about how they want to

live based on accurate knowledge of the particular risks involved, is the guiding philosophy of the HEALTH EDUCATION FOUNDATION. Implicit in that philosophy, is the belief that in time people's behavior will change as they become increasingly aware of the riskiness of an unhealthy lifestyle. Smoking is an excellent case in point.

It was twelve years ago that the warning about the hazards of cigarette smoking was printed on cigarette packages. Since that time, increasing evidence of the many dangers of smoking has been discovered and disseminated. Today, the results of the anti-smoking campaign are beginning to bear fruit: non-smoking areas have proliferated everywhere from office buildings to airplanes, from private homes to taxi cabs; some companies are offering bonuses to their employees who quit; and one state is considering a taxation of cigarettes based on tar and nicotine content. The most important change, however, is that smoking is increasingly becoming a SOCIALLY UNACCEPTABLE thing to do. It is this factor more than anything else that is important for developing healthy lifestyle habits: unhealthy ones must be considered socially unacceptable. Indeed, this is why there are so few problems with alcohol in countries such as Italy and Lebanon where individuals drink from an early age: drunkenness is strongly disapproved.

This past decade has demonstrated that pumping increasing billions of dollars into the health care system alone is insufficient. The time has arrived when we, as individuals, must learn to take care of ourselves. The HEALTH EDUCATION FOUNDATION is dedicated to collecting synthesizing and disseminating information in a coherent and easily understood manner on how we can all live healthier lives.

Government Activities

- Last May the Senate reduced what was already a small allocation by the House for health education. The Senate Subcommittee suggested that a total of $5 million be spent: $2.5 million to go to the Bureau of Health Education and $2.5 million for the implementation of Title XVII (PL94-317, Title I), Health Information and Health Promotion of the Public Health Service.

- On Capitol Hill the following pertinent bills were introduced:

  - H.R. 202 authorizing the Commissioner of Education to make grants for teacher training, pilot and demonstration projects and comprehensive school programs with respect to health education and health problems.

  - H.R. 581—amending the Occupational Safety and Health Act of 1970 to provide that the administrator of the Small Business Administration may render onsite consultation and advice to certain small business employers to assist such employers in providing safe and healthful working conditions for employees.

Health Education Foundation
Suite 452
600 New Hampshire Avenue, N.W.
Washington, D.C. 20037

Senator HATHAWAY. I want to thank you very much for your testimony. At last, I found someone who is in favor of the bill.

I can appreciate your suggestion of 10 or more, and I think that the subcommittee will probably go along with that suggestion.

In your experience as director of the NIAAA—and by the way, we have been grateful for what you did for the Nation while you were in that position—what can you say to us with respect to the suggestions that have been made this morning, that we ought to be doing this through so-called voluntary efforts?

Dr. CHAFETZ. Well, I am a great believer in volunteerism, unless what I want to have happen does not take place, Senator. There is the conceptual model in life, and the practical model, and conceptually, I would love all of us to go and do the right thing.

On the other hand, I have some sensitivities to the predicament of paternalism, when we decide what is right for everyone else, and lock them in that position.

We are constantly making tradeoffs as to whether we measure our social responsibilities, or permit individuals to make their own decisions.

As far as I am concerned, when I employ someone, I develop a responsibility and obligation to them. This is one of the standards for employers in this country: That they will provide for the health and well-being of their employees. Thus, what we have is people paying for health insurance; people taking care of all kinds of fringe benefits as a social responsibility of doing business in this country.

Now, the reason you have to fight for passage of this bill is that this country, in spite of everything that has been done and said, still does not believe that alcoholic people are sick. For that reason, you cannot rely on volunteerism but must mandate this provision.

In the best of all possible words, the necessity for this would not occur, for alcoholic people would be treated as they are, as ill people.

Senator HATHAWAY. Some comment has been made—and I do not know whether it is made by these witnesses or others—about the cost-benefit to smaller businesses.

Dr. CHAFETZ. No, not at all, Senator. I know you have lots of things I agree with, and we know we have some things we disagree with. But as far as I am concerned, the major phenomenon of changing human behavior is role modeling. I believe, and I so testified before Senator Kennedy in June, that the fundamental issue is not some external phenomenon—such as advertising—that we think makes people behave. The issue is the people around us set the rules and limitations.

But the fact that we set role models in our social setting, so that you, Senator, behave in a certain way as a Senator, because those rules are set; and I, as a psychiatrist, have certain rules and behaviors when I am with my psychiatric colleagues, and we both have different ones in different social settings.

Role modeling, in this instance, will be big businesses. Take occupational alcoholism as a thrust. They feel it is one of their responsibilities, and the small businesses will follow close behind. And there are innovative ways to accomplish these ends; and they do not have to be expensive.

You know, Senator, the Rand report came out and everyone was very unhappy with it because, for a few reasons that are unimportant,

a small number of alcoholics go back to social drinking. That was the 63d study that showed that fact. It is not a treatment goal; it is an interesting scientific finding.

But what the alcoholism constituency failed to notice is what the Rand study— which I proudly funded—pointed out that treatment, regardless of what kind of treatment, in alcoholism, is effective. So here we have the Nation that has a 200-year history of believing that alcoholic people are getting joy out of being alcoholic—and in my 25 years in the field, I have never met a single alcoholic person who, given a choice, would choose to be alcoholic—and we still go on this way and keep punishing them.

When I say that if this bill gets passed and these major firms take this on and see its cost-effectiveness, the innovative ability of the American small businessman, will come up with programs that will not burden them, but will help a lot of people and save them money at the same time.

Senator HATHAWAY. If it went into effect, would it not provide somewhat of a stimulus for broadening third-party payments?

Dr. CHAFETZ. Well, of course, I would certainly love to see them broadened. I think that any thrust that shows the effectiveness of taking care of people earlier is going to help our inclusion of alcoholic benefits under third-party payments. And I think it also has an added benefit. We have to be realistic. And in the present state of affairs, the Institute and its funding situation are not going to get the kind of incremental jumps that we were able to have with the help of certain members of your subcommittee and the Human Resources Committee that we had in earlier years as a reality.

Therefore, we have to come up with other programmatic thrusts that will keep the momentum of the alcoholism movement moving forward. And we cannot always count on the same old tack. And I consider the value of what you have presented in S. 2515 as a new way of bringing in new people at low cost.

Senator HATHAWAY. Thank you.

Just one more question.

What do you think of this program as opposed to one of incentives, as Mr. Archer testified to?

Dr. CHAFETZ. Well——

Senator HATHAWAY. What is your suggestion?

Dr. CHAFETZ. I like incentives; and I suppose if this committee— or the Finance Committee—wants to consider an incentive like a tax credit, I think that is a method that one could consider. I think anything that induces or seduces people into doing the right thing, I am favor of.

Senator HATHAWAY. But you would prefer this to that?

Dr. CHAFETZ. I think, Senator, tax credit is a method of achieving social policies and for the wrong reasons, has gotten a dirty name of late. I suspect, knowing the complexities of the negative and discriminatory attitudes toward alcoholic people in the Federal contractual situation, I would prefer that occupational alcoholism programs be mandated, as you have written into the legislation.

Senator HATHAWAY. Thank you very much, Morris. I appreciate your testimony tremendously.

Dr. CHAFETZ. Thank you, sir.

Senator HATHAWAY. Our last witness this morning is Dr. Paul Sherman, president of the Association of Labor-Management Administrators and Consultants on Alcoholism, ALMACA; and director, Special Programs, International Telephone & Telegraph Corp.

Doctor, a pleasure to have you with us.

STATEMENT OF PAUL SHERMAN, PH. D., PRESIDENT, ASSOCIATION OF LABOR-MANAGEMENT ADMINISTRATORS AND CONSULTANTS ON ALCOHOLISM, INC., ALMACA; AND DIRECTOR, SPECIAL PROGRAMS, INTERNATIONAL TELEPHONE & TELEGRAPH CORP.

Dr. SHERMAN. Thank you very much. It is good to be here.

I would like to begin, with your approval, by reading a prepared statement, which is brief.

Senator HATHAWAY. Fine.

Dr. SHERMAN. Mr. Chairman, I appreciate the opportunity to testify before your subcommittees on bill S. 2515. My testimony is offered as an individual who is director of the Alcoholism Program at ITT and president of the Association of Labor-Management Administrators and Consultants on Alcoholism—ALMACA.

My prepared testimony can be summed up as follows:

One, I personally think that some form of mandating or encouraging occupational alcoholism programs is necessary. For this reason, I am favorable toward the principle of S. 2515.

Two, I am concerned about the regulations that will follow. It is my belief that the fear of more Government control and redtape is the basis for much of the resistance to S. 2515, especially the compliance reviews that would likely be a key part of the regulations; and

Three, if the regulations can allay these fears, in my opinion, support for the bill would increase. I will be recommending that instead of compliance reviews, accreditation of occupational programs through a professional, nongovernment peer review process be established, and that this accreditation be incorporated into the regulations as meeting compliance requirements.

Let me now go into detail, and start by reviewing some of my views of alcoholism and occupational alcoholism programs.

As alcoholism progresses from adversely affecting the individual himself or herself, then to family, to friends, and finally, to the work situation, the individual develops an elaborate alibi system. The denial process becomes paramount, and for many employed alcoholics the job becomes the foundation of the entire denial system. "My drinking can't be what people close to me have said it is because I wouldn't be able to do the work I do" is a commonly mentioned rationable of the alcoholic.

Because of this importance of the job, the occupational alcoholism program can often achieve what family and friends cannot—namely, creating a crisis where the continuation of the denial is more painful and less acceptable than doing something about the problem.

As job performance is adversely affected, the person is confronted, and offered the program to help with problems that may be causing the performance deterioration. Increasing pressure is applied as performance continues to deteriorate, and the final step is the "either-

or" which is crucial to any program. The alcoholic is given a choice—either go to the program and cooperate fully with it, or be terminated.

This crisis is the reason for the success of occupational alcoholism programs. It forces the alcoholic, often for the first time, to be open to the program and to treatment. The recovery rates in occupational programs are higher than through any other approach. Also, the education component of an effective program will encourage and foster self-referrals, alcohlics who come because they think there may be a problem, but where performance is still acceptable.

There is nothing else like an occupational program, The alcoholic is reached much earlier, often years earlier, than would otherwise occur Certainly, there are elements of secondary prevention or early identification. There is also evidence that we may have elements of primary prevention through the education component of a program.

Where do we stand today in number of programs, and where do we need to go? The National Institute on Alcohol Abuse and Alcoholism has stated that there are some 2,500 programs today across the country. However, a number of these consist only of having a written policy statement, while others may be in the process of getting off the ground. My best guess as to the number of fully operational programs is in the range of from 600 to 1,000.

Though there is not yet a hard and fast objective for occupational alcoholism programs, one that appears to be quite logical is that being proposed by the National Institute on Alcohol Abuse and Alcoholism—namely, to cover 50 percent of the employed population by 1983.

This means that occupational programs would be available to approximately 50 million employees in the year 1983. Today, taking the larger number that I have stated of 1,000 operational programs, and assuming the average population in these companies is as high as 5,000, we have reached 5 million. As you can see, we have a long, long way to go, and present approaches simply will not enable us to reach the objective of 50 million by 1983.

While I would have hopes that the private and public sectors would on their own recognize the value of occupational alcoholism programs, such is not the case. Therefore, the concept of encouraging programs through vehicles like S. 2515 is probably the only way the goal of covering 50 percent of the work force can be attained in a reasonably short period of time.

What such encouragement would do is reallocate the priority that the need for a program is given within an organization, and once the priority is reallocated, the program would be implemented.

In my opinion, the resistance to S. 2515 does not have much to do with the merits of an occupational alcoholism program. Nor does it have much to do with dollars in most cases, because it is rather inexpensive to set up a program. For example, a small company of perhaps 500 people will frequently express that they cannot afford to have a program, and yet the cost of becoming part of a consortium and having the entire program implemented by consultants would be in the range of $5,000 annually. Such a dollar figure would appear to be a non-critical expense item, even in a small business, especially when viewed in terms of people restored to full productivity, with the attendant cost savings.

I believe that the resistance that is being expressed to S. 2515 is based upon fears and misapprehensions about what a program will do.

The resistance is not only from organizations without a program, but also from those where there is an occupational program.

Organizations without a program probably are primarily expressing fear of the regulations that would follow. Here I am referring to the paperwork, the Government controls, the fear of goals and timetables being imposed, the fear of being forced to hire "skid row" alcoholics, the fear of being prevented from firing alcoholics, and the compliance reviews. These organizations are generally not adequately informed about what a program is and how it can benefit them.

However, organizations with a program also have concerns about the regulations, the paperwork, the compliance reviews, and the lack of professional knowledge of occupational alcoholism that compliance review officers and field personnel possess. These concerns are heightened because occupational alcoholism programs, by their very nature, are very sensitive and often quite sophisticated. They are concerned that the regulations could introduce problems if extreme care is not taken. Here are two potential problems:

1. One of the key elements in a program is confidentiality. The trust people develop in an occupational program is related to their belief that their confidentiality will be protected. Knowledge by employees that the program is subject to continual review by outside agencies would dilute the trust in the program's confidentiality and thereby weaken the effectiveness of the program;

2. As mentioned earlier, the "threat of termination" is a vital part of an occupational alcoholism program. Any attempt in the regulations to overprotect the alcoholic by removing the "threat of termination" would greatly reduce if not eliminate the effectiveness of an occupational program.

Despite the above, and other problems that may exist, I believe that mandating of programs as you are proposing through S. 2515 can be accomplished. The following recommendations would in my opinion facilitate acceptance of S. 2515:

One. To insure that an organization has implemented an occupational alcoholism program, while eliminating compliance reviews which would lead to resistance, it is recommended that accreditation of occupational alcoholism programs be instituted, using a professional peer review process. Regulations developed for S. 2515 should accept an accredited program as evidence of compliance. It is visualized that organizations would request and pay for the accreditation process, knowing that this was in lieu of a Government compliance review.

Two. With respect to S. 2515 and the language therein, change the sections involving labor unions to read "At the conference table or through collective bargaining." This is an ALMACA Board recommendation, which has been submitted to your subcommittee and has the endorsement of the AFL–CIO Community Services Department.

Three. A vehicle must be established as to what would happen in an organization with a collective bargaining agreement if management and the union are unable to agree on the nature of the program.

Four. Establish a specific mandate for NIAAA, specifically the newly created Occupational Programs Division, to work with the Department of Labor in spelling out the regulations that would be issued. As part of this, provide training in alcohol abuse and alcoholism to all people involved with section 505.

To sum up, some form of mandating or encouragement of occupational alcoholism programs is highly desirable, if we are to greatly and rapidly increase the number of occupational alcoholism programs nationally, and if we are to set up a goal of covering 50 percent of the work force by 1983. S. 2515 is such a vehicle, and could do the job if the fears and concerns that engender resistance can be allayed. The recommendations I have proposed should eliminate or reduce many of the concerns.

In addition, I recommend that the subcommittees not stop with S. 2515, but continue to look at other motivators, such as tax credits to over the implementation phase of a program.

Thank you again for inviting me.

This concludes my prepared testimony.

Senator HATHAWAY. Doctor, thanks very much, and thanks very much for your suggestions, all of which I think are good.

There has been some testimony, as you have heard, that we ought to be doing this not by mandating, but through some voluntary efforts.

But I recall that you testified earlier with respect to this last May, indicating that the stigma of alcoholism is—you know, is a deterrent to this voluntary effort.

Would you like to comment on that?

Dr. SHERMAN. Yes.

I do not think the stigma works today the way it used to work years ago. I think that companies are becoming increasingly interested in the area of alcoholism. They are concerned. They have seen it happen. They are reading about it now.

I do not see the kind of resistance that implies we will get the alcoholic"; or anything like that. I see a lot of compassion developing.

However, in the eyes of top management and labor leaders, the image that many have of the alcoholic is that of the falling-down drunk.

Now, if you look around a company for falling-down drunks, you are not going to find any, and you are going to come away with the belief that this is may be an important problem nationally, but we do not have that much of a problem in our company.

So what has to be done is some way of getting to the top people and pointing out to them how alcoholism manifests itself in the work force, and getting them involved in the process and in the program itself.

One way, and the way that ALMACA has been proceeding—is not directly related to S. 2515—is to have a President's conference or a Secretary-level conference aimed at top corporate leaders and top labor leaders to bring them together and tell them, "Look; here is the problem we are faced with. We have a goal of reaching 50 percent of the work force by 1983. We can do it through mandating or we can do it in other ways." This would get them aware of the problem and make them part of the process for resolving the problem.

This can be brought about to get the involvement of the top corporate and labor people, a program is cost effective once it is in. And once it is in, people begin to be very favorable toward the program. The implementation phase is the crucial phase.

Senator HATHAWAY. And this bill would get over that first hurdle, would it?

Dr. SHERMAN. This bill would be a start. And what it would do is simply state that in the eyes of the Federal Government, if you are going to be a contractor with the Federal Government, this is expected of you. It does not take too much to reallocate priorities within a company, especially when we are talking about an item that is not very costly.

But what it would do is put an emphasis and a focus on this particular area.

Now, this bill in itself, in principle, we have a tool here. But when we get to the regulations, we have to be extremely careful. And I believe that we should be doing other things in addition to S. 2515.

For example, S. 2515, plus a President's or Secretary-level conference, plus the use of tax credits for the implementation phase, could be a very effective combination.

Senator HATHAWAY. Yes.

I suppose we could extend it, if it does not cover it already, the existing investment tax credit to cover whatever treatment facilities—and bricks and mortar—that are actually needed, which probably is not much, or equipment, which probably is not very much, either.

Dr. SHERMAN. The cost itself is rather minimal.

Senator HATHAWAY. Maybe it is already covered, but if it is not, it would not be that much of a job.

Dr. SHERMAN. Suppose we took all 250,000 contractors with the Federal Government—that is the number I have been given, that it is in the range of 250,000—and a tax credit in some way of up to $25,000, on the average, was offered; the total cost of this—and I am not in any way recommending this, but I am trying to look at the magnitude of the cost—the cost would be $6.25 billion over a 5-year period—the cost to the Government is half of that.

But when we look at what alcoholism is costing our country today, we are talking about a lot of dollars. And clearly while I am not specifically recommending this approach alone, I think we ought to be thinking in these terms of very broad strategies, things we should be looking at that we have not even considered before. I think we have made a lot of progress in the last several years. But the present approaches, in my opinion, will not take us where we want to go fast enough.

Senator HATHAWAY. Right. I agree with you. It always seems we are at the plateau. We thought of simply amending OSHA to make that a requirement, but we feared that would open up a bill on the floor to a lot of other amendments that might end up with a negative rather than positive overall, if we went that route, though that could be a very good route. There may be others in lieu of this one. I am not necessarily wedded to this.

This seems like the only mandatory one that was feasible at the time.

Dr. SHERMAN. One of the things that this bill is doing—and my compliments to your committee on this—it is opening up the issue for discussion, and stating: "Look; this is a priority item; and this may happen."

And you are open to alternative approaches. And based upon this—as the National Institute is doing at the conferences that they have planned, and ALMACA is working with the National Institute on

some of these programs—we are beginning to look at alternatives, but keeping this as a very strong possibility as well.

I do not think that there is disagreement on where we are going. I think part of the disagreement is how fast are we going to get there.

Senator HATHAWAY. Doctor, thanks very much for your testimony, and we appreciate your input from time to time. And any other ideas that you may think of—and I extend this not only to you but to all the other witnesses who have testified today——

Dr. SHERMAN. Thank you very much.

Senator HATHAWAY. Thanks to all of you.

Additional material supplied for the record will follow.

[The following was subsequently received for the record:]

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
PROCUREMENT POLICY

LIC SEP 25 '78

SEP 22 1978

Honorable William D. Hathaway
Chairman, Subcommittee on Alcohol and
Drug Abuse
Committee on Human Resources
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

On August 17, 1978, Mr. LeRoy J. Haugh, my Associate Administrator for Regulations and Procedures, testified in my stead at a joint hearing of your Subcommittee and the Subcommittee on Federal Spending Practices and Open Government. The hearing was held to obtain the views of interested parties on S. 2515, a bill which would require the establishment or availability of occupational alcoholism programs under Government contracts or subcontracts thereunder of $2,500 or more.

During the course of the hearings, you requested a list of the 39 socio-economic programs being implemented through the Federal contracting process which were cited by the Commission on Government Procurement in its December 1972 report to the Congress. That list, found at pages 114-115 of Volume 1 of the Commission's report, is enclosed.

I would like to emphasize that we do not question the merit of any of these programs, nor of those which have been enacted or otherwise introduced since the Commission's report. The programs do, however, especially in their totality, result in significant paperwork, reporting, and monitoring requirements, both for contractors and for the Government. The burden is particularly felt by small business firms. It is therefore essential that, before adding any new program to the process, we first consider other avenues of implementation.

It is a fact that more and more firms are voluntarily establishing occupational alcoholism programs, often with the assistance or guidance of the National Institute on Alcohol Abuse and Alcoholism. We believe that continued efforts to encourage

such voluntary programs will be equally, if not more, productive, and certainly less costly, than any mandatory program for Federal contractors and their subcontractors.

Sincerely,

Lester A. Fettig
Administrator

Enclosure

cc:
Honorable Lawton M. Chiles, Jr.
Chairman, Subcommittee on Federal Spending
Practices and Open Government
Committee on Governmental Affairs
United States Senate
Washington, D. C. 20510

TABLE 1. SOCIAL AND ECONOMIC PROGRAMS

Program	Authority	Purpose
Buy American Act*	41 U.S.C. 10a–10d	To provide preference for domestic materials over foreign materials
Preference for United States Manufacturers	22 U.S.C. 295a	To provide preference for domestic manufactures in construction of diplomatic and consular establishments
Preference for United States Manufacturers	16 U.S.C. 500a	To restrict U.S. Forest Service from purchasing twine manufactured from materials of foreign origin
Preference for United States Products (Military Assistance Programs)*	22 U.S.C. 2354(a)	To require the purchase of U.S. end products for the military assistance program
Preference for United States Food, Clothing, and Fibers (Berry Amendment)*	Public Law 91–171, sec. 624	To restrict the Department of Defense from purchasing specified classes of commodities of foreign origin
Officials Not to Benefit*	41 U.S.C. 22	To prohibit members of Congress from benefiting from any Government contract
Clean Air Act of 1970	42 U.S.C. 1857h–4	To prohibit contracting with a company convicted of criminal violation of air pollution standards
Equal Employment Opportunity*	Exec. Order 11246, Exec. Order 11375	To prohibit discrimination in Government contracting
Copeland "Anti-Kickback" Act*	18 U.S.C. 874, 40 U.S.C. 276c	To prohibit kickbacks from employees on public works
Walsh-Healey Act*	41 U.S.C. 35–45	To prescribe minimum wage, hours, age, and working conditions for supply contracts
Davis-Bacon Act*	40 U.S.C. 276a–1–5	To prescribe minimum wages, benefits, and work conditions on construction contracts in excess of $2,000
Service Contract Act of 1965*	41 U.S.C. 351–357	To prescribe wages, fringe benefits, and work conditions for service contracts
Contract Work Hours and Safety Standards Act*	40 U.S.C. 328–332	To prescribe eight-hour day, forty-hour week, and health and safety standards for laborers and mechanics on public works
Fair Labor Standards Act of 1938	29 U.S.C. 201–219	To establish minimum wage and maximum hours standards for employees engaged in commerce or the production of goods for commerce
Prohibition of Construction of Naval Vessels in Foreign Shipyards	Public Law 91–171 (DOD Appropriation Act of 1970), title IV	To prohibit use of appropriated funds for the construction of any Navy vessel in foreign shipyards
Acquisition of Foreign Buses	Public Law 90–500, (DOD Appropriation Act of 1969), sec. 404	To restrict use of appropriated funds to purchase, lease, rent, or otherwise acquire foreign-manufactured buses
Release of Product Information to Consumers	Exec. Order 11566	To encourage dissemination of Government documents containing product information of possible use to consumers
Prohibition of Price Differential	Public Law 83–179, sec. 644	To prohibit use of appropriated funds for payment of price differential on contracts made to relieve economic dislocation
Required Source for Jewel Bearings*	ASPR 7–104.37	To preserve a mobilization base for manufacture of jewel bearings

Program	Authority	Purpose
Employment Openings for Veterans*	Exec. Order 11598, 41 CFR 50-250, ASPR 12-1102	To require contractors to list suitable employment openings with State employment system to assist veterans in obtaining jobs
Covenant Against Contingent Fees*	41 CFR 1-1.500-509	To void contract obtained by broker for a contingent fee
Gratuities*	32 CFR 7.104-16	To provide Government with right to terminate if gratuity is given to a Government employee to obtain contract or favorable treatment
International Balance of Payment*	ASPR 6-803.2, FPR 1-6.8	To limit purchase of foreign end products and services for use abroad
Prison-made Supplies	18 U.S.C. 4124	To require mandatory purchase of specific supplies from Federal Prison Industries, Inc.
Preference to U.S. Vessels*	10 U.S.C. 2631, 46 U.S.C. 1241	To require the shipment of all military and at least half of other goods in U.S. vessels
Care of Laboratory Animals*	ASPR 7-303.44	To require humane treatment in use of experimental or laboratory animals
Required Source for Aluminum Ingot*	ASPR 1-327, FPR subpart 1-5.10	To eliminate excess quantity of aluminum in the national stockpile
Small Business Act*	15 U.S.C. 631-647; see also 41 U.S.C. 252(b) and 10 U.S.C. 2301	To place fair portion of Government purchases and contracts with small business concerns
Blind-made Products	41 U.S.C. 46-48	To make mandatory purchase of products made by blind and other handicapped persons
Duty-free Entry of Canadian Supplies*	ASPR 6-605	To further economic cooperation with Canada and continental defense
Use of Excess and Near Excess Currency*	ASPR 6-000 et seq., FPR 1-6.804-806	To provide preference in award to bidders willing to be paid in excess or near-excess foreign currency
Purchases in Communist Areas*	ASPR 6-401 et seq.	To prohibit acquisition of supplies from sources within Communist areas
Nonuse of Foreign Flag Vessels Engaged in Cuban and North Vietnam Trade*	ASPR 1-1410	To prohibit contractor from shipping any supplies on foreign flag vessel that has called on Cuban or North Vietnamese port after specific dates
Labor Surplus Area Concerns*	Defense Manpower Policy No. 4, 32A CFR 33 (Supp. 1972)	To provide preference to concerns performing in areas of concentrated unemployment or underemployment
Economic Stabilization Act of 1970	12 U.S.C. 1904 note	To stabilize prices, rents, wages, salaries, dividends, and interest
Humane Slaughter Act*	7 U.S.C. 1901-1906	To purchase meat only from suppliers who conform to humane slaughter standards
Miller Act*	40 U.S.C. 270a-d	To require contractor to provide payment and performance bonds on Government construction contracts
Convict Labor Act*	Exec. Order 325A, ASPR 12-201 et seq.	To prohibit employment on Government contracts of persons imprisoned at hard labor
Vietnam Veterans Readjustment Act	Public Law 92-540	To give employment preference to disabled veterans and veterans of the Vietnam era

*Indicates that the program has resulted in the issuance of a standard contract clause.
Source: Commission Studies Program.

Robert T. Dorris & Associates

Consultants: Behavioral Problems Control

Specializing in Alcoholism, Drug Abuse and Related Dependencies

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Senate Alcoholism and
Drug Abuse Subcommittee
Room A-609, Senate Annex
119 D Street, N.E.
Washington, D.C. 20510

Gentlemen:

We very much regret the fact that time and distance prevent our requesting an opportunity to present testimony at the hearing August 17 on SB 2515. It is our opinion that passage of this bill amending the 1973 Rehabilitation Act by adding Section 505 is critical if we are to make any real progress in identification and treatment of the problem drinkers in the work world.

Robert T. Dorris, Sr., president of our consulting firm, has been active in the area of occupational alcoholism programs since 1948. This is within five years of the establishment of what is credited to be the first such program -- at DuPont. Since then many other persons active in the field of alcohol abuse and alcoholism have made monumental efforts to convince the American businessman that such programs are valid cost-control measures and not just another employee benefit to be added to an already costly package.

You are well aware how little has been accomplished along these lines until very recently. In 1970 it was estimated there were scarcely more than fifty viable programs in all of America. It is our belief that little progress will be made in the next thirty years unless something is done at the government level to encourage it.

We call your attention to the parallels between the history of the development of safety programs in the United States and those dealing with alcoholism in the world of business and industry.

The need for safety programs was created by the Industrial Revolution, but it was not until the last half of the 19th century that the earliest beginnings were made in dealing with this need and these came through intervention at the state government level. In 1867 Massachusetts began using factory inspectors and 10 years later the state had a law which required the guarding of dangerous machinery. From 1898 on efforts were made to make employers financially liable for accidents to employees, but it was 1911 before the first effective

workmen's compensation act was passed. The first large-scale, organized safety programs in industry were adopted in the first decade of the 20th century with the railroads and the steel industry. Early legal action was in the form of laws of regulation and investigation. Later the concern was with workmen's compensation and since then we have seen a gradual growth in the regulation of industry with respect to safety by federal, state and local governments. The Walsh-Healey Act came into being to deal with companies which had supply contracts with the federal government. Safety became a vital part of industry -- but -- it took regulation.

Much as we would like to believe that employee assistance programs will be adopted generally by American business on a voluntary basis, we do not think the facts bear out such optimism. It is our feeling that, as long as government does not intervene, some kind of "out" will be found to avoid getting involved in what is seen by management as another "benefit" or "welfare" situation.

It is understandable that a business manager is reluctant to add another "staff" program to his budget. From experience he knows that once staff has been added, for whatever good purpose, he will have a difficult time extricating himself and his company if he decides he does not want to continue the enterprise. This is particularly true where there is a union shop. He also has repeatedly experienced the empire-building syndrome and resists providing the opportunity for it wherever he can.

We do not believe that the issue is the cost of employee assistance programs, although there have certainly been employee assistance programs which could not be justified on that basis. Our firm designs programs and provides trained and experienced consultants (not on payroll) to implement these for companies with fewer than 500 employees at an annual cost of less than $10,000. An employee population of 3,000 to 5,000 can be fully covered by a program which costs under $20,000 per year for the services provided by our organization. Or, where it can be justified, we provide a full-time program with whatever staffing is required. Yet we still meet with great resistance although we are presently under contract with Bechtel Power Corporation; Rockwell International at its Rocketdyne and Atomics International divisions; Getty Oil Company, and Dames and Moore.

Of possible interest to your committee, we recently received a letter from a major engineering and construction company with which we have been negotiating for some time for installation of an employee assistance program. In this letter the statement was made that Sections 503 and 504 of the Rehabilitation Act were being interpreted to mean that only self-disclosed alcoholics could be referred to an employee assistance program without incurring liability and that the company therefore must decline to offer such a program to its employees until the problems raised by these sections had been resolved in legal process.

We are sure it is unnecessary to point out that if an employee assistance program must depend on "self-disclosed alcoholics" for its clients there would be no employees to be served nor a reason for having a program.

We offer this statement of opinion in the hope that it will be of some value to your committee since it is based on many years of involvement and direct experience.

Sincerely yours,

Helen H. Dorris

Robert T. Dorris

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ROBERT T. DORRIS AND ASSOC.
Management Consultants

Behavioral Problems Control
Specializing in Alcoholism
and Other Drug Addiction

EMPLOYEE ASSISTANCE PROGRAMS
FOR BUSINESS AND INDUSTRY

Training Rehabilitation Education

RATIONALE

Robert T. Dorris and Associates has been involved since 1964 in broad-based management consulting in the field of social (non-medical) and behavioral problems that reduce an employee's effectiveness and threaten job or family security. These include excessive drinking, other drug abuse, family discord, legal, financial and other personal problems which reduce job efficiency and human well-being.

No problem is solved by being ignored. The chance of dealing successfully with a bad situation is greater when a problem is tackled head-on with the support of competent professional help. Positive intervention by management and supervision brings multiple benefits. The services of valuable employees are retained, productivity increased, and grievance procedures and insurance claims are greatly reduced. Supervisors are relieved of responsibility for dealing with personal problems of employees, freeing them to carry out regular assignments.

THE PROGRAM

The work world offers a fertile area for early identification and motivation for treatment and recovery. Supervisory personnel can be trained to productively intervene where there is deteriorating job performance and refer such employees to a proficient counselor. Experience has shown that over 60% of

individuals thus referred will be found to be directly affected by problems of alcohol or other drug abuse and an additional percentage will be indirectly affected. (Family members and other persons significant in the life of the abuser) The success rate with the substance abuser is greatly dependent on the attitudes and understanding of closely associated persons. It is estimated that the recovery rate is reduced by as much as 40% when they are not actively involved.

A viable employee assistance program, properly implemented, has the synergistic effect of increasing the skills of supervisors by encouraging documentation of poor performance, absenteeism and inability of an employee to get along with fellow employees and management.

NATIONAL COVERAGE

Robert T. Dorris and Associates has brought together a unique group of individuals with the range of specialties necessary for making a comprehensive approach to the identification, motivation, treatment and continued monitoring of employees whose family, community and work lives are adversely affected by problems related to addiction, or which stem from other treatable, non-medical causes. These specialists are located in most areas of the North American continent, which affords consulting services that are nationwide.

STAFF RESOURCES

With the growing incidence and recognition of alcohol and other drug problems among women employees and the emphasis on equal rights and equal opportunities for women, Robert T. Dorris and Associates provides women counselor/consultants as well as men.

All Robert T. Dorris and Associates employee assistance program counselor/consultants are specially trained and experienced in dealing with alcohol and other drug abuse. They are fully familiar with community resources which may be needed for referral of other problems.

Other professionals involved with Robert T. Dorris and Associates (doctors, nurses, psychologists, therapists, psychiatrists, licensed marriage, family, child counselors, program administrators, educators and others) are included in the organization for their proven expertise in the field of addictions and are available for referrals.

COSTS

Budgets are minimal. A one-day-per-week program for the company with 1-300 employees may be provided for a total annual cost of approximately $7500. A program which offers counseling services two days a week costs under $15,000. Consultants are not on company payrolls and do not receive any of the usual health or pension benefits most companies provide for their employees.

Senator HATHAWAY. The subcommittee will stand in recess.
[Whereupon, at 11:25 a.m., the subcommittee recessed.]